The MAGAZINE of WALL STREET

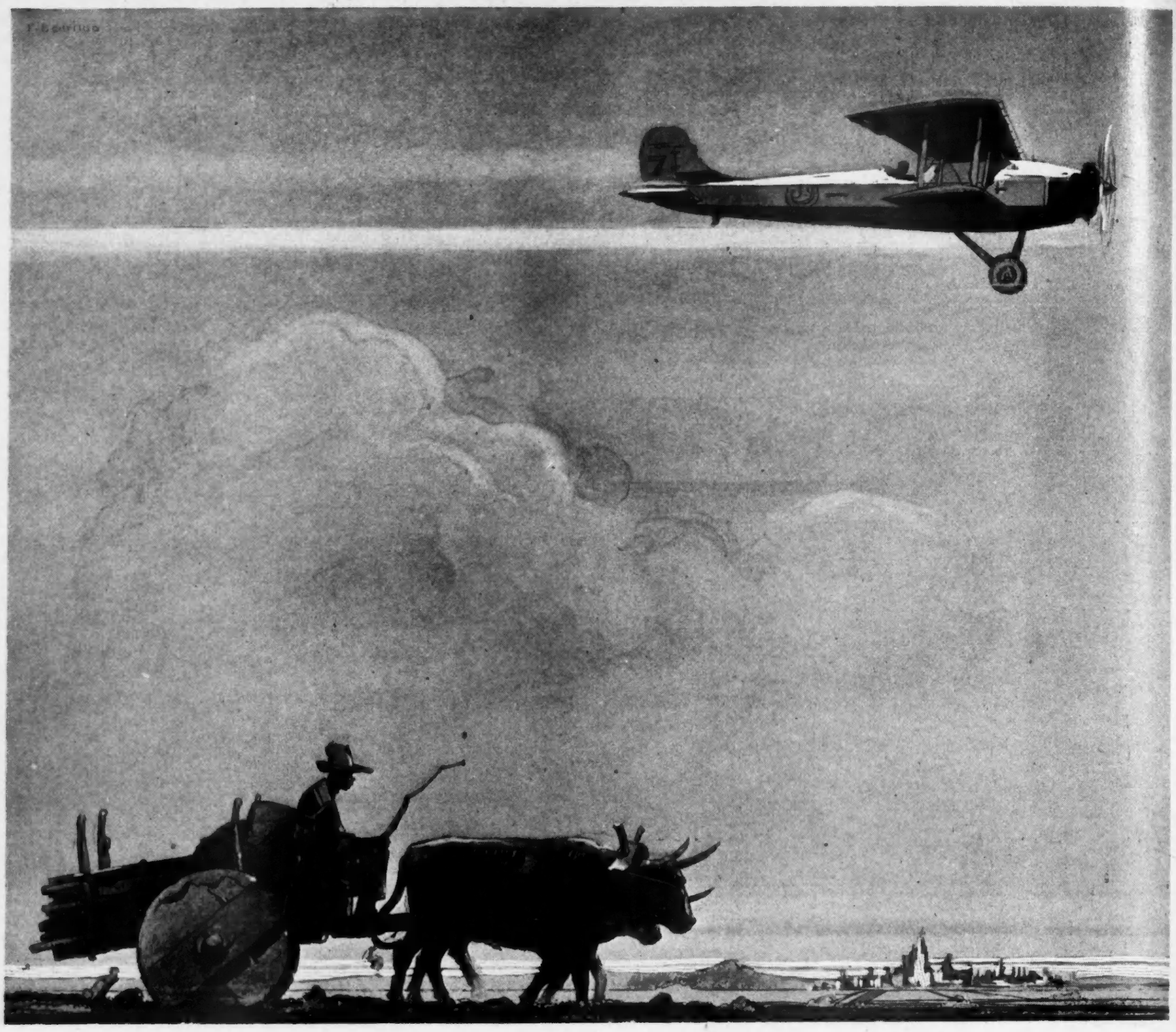
April 5th 1930 — Wyckoff, PUBLISHER — 35 Cents a Copy

6 Profit Opportunities Among the Non-Dividend Payers

Why Europe Is Buying American Securities

Natural Gas — A New Investment Factor in Oils and Utilities

Vol. 45 No. 12



Member of Audit Bureau of Circulations

CONTENTS

Vol. 45. No. 12 April 5th, 1930

The Ticker Publishing Co. is affiliated with no other organization or institution whatever. It publishes only The Magazine of Wall Street, issued bi-weekly, and the Investment and Business Forecast, issued weekly

N. Y. C. G. Wyckoff, President and Treasurer, E. Kenneth Burger, Vice-President and Managing Editor. W. Sheridan Kane, Secretary. Lael Von Elm, Business Manager. Thomas F. Blissert, Financial Advertising Manager. The information herein is obtained from reliable sources and while not guaranteed, we believe it to be accurate. Single copies on newsstands in U. S. and Canada, 35 cents. Place a standing order with your newsdealer and he will secure copies regularly. Entered as second-class matter January 30, 1915, at P. O., New York, N. Y., Act of March 3, 1879. Published every other Saturday.

ADVERTISING REPRESENTATIVES—Atlanta, A. E. Christoffers, Walton Building. Baltimore, W. L. Towner, 1115 Lexington Building.

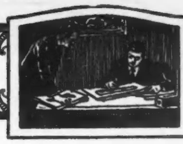
SUBSCRIPTION PRICE $7.50 a year, in advance. Foreign subscribers please send International money order for U. S. Currency, including $1.00 extra for postage (Canadian 50 cents extra.)

TO CHANGE ADDRESS—Write us name and old addresses in full, new address in full, and get notice to us three weeks before you desire magazine sent to the new address.

EUROPEAN REPRESENTATIVES—The International News Company, Ltd., Breams Building, London, E. C. 4, England.

Cable address: Tickerpub.

WITH THE EDITORS



Speculation or Investment?

JUST the other day a man came into our editorial office for advice on an investment. He had already selected a stock and wanted some confirmation of his judgment.

"Do you consider the Associated Commercial Company common stock a suitable investment?" he began.

"Yes," we answered, "the company is in a strong financial position and has a long record of earnings and dividends behind it. We think it suitable for permanent investment."

"Oh! I had no thought of any permanent investment in mind. I am buying this stock with the expectation of holding it for perhaps three or four months," he said. "My idea is to buy a good dividend payer and derive some income from it during the time it is appreciating in price."

"But," we countered, in some bewilderment, "you said you were about to make an *investment*. Certainly your principal objective is a quick profit. You are not really concerned with income from dividends; for at best you would not receive more than one or two quarterly payments in the interval during which you propose to hold the stock. Regardless of the fact that the company is sound and a consistent dividend payer, you are speculating, and your position will be the stronger and your operations more successful as soon as you recognize the fact. Speculations and investments have distinct objectives—they are not one and the same. One is concerned primarily with income—the other with profit from a transaction. As an investor you become a partner in a business enterprise and derive your share of the profit from that business. As a speculator you are simply the buyer of a stock which you hope to sell at higher levels. A speculation takes off from an entirely different base than an investment. For example, we would not sanction your proposed purchase of Associated Commercial for a speculation. We do not believe it would be a profitable speculation at present. In view of the conditions now obtaining in that industry we question whether the stock can gain any ground in three months or in six months."

"But yet you agree it can be bought for the long pull," objected our caller.

"Emphatically—because we know that relatively unsatisfactory factors in the industry are not of a permanent character; and while they may have temporarily affected the price of even this leading company they are not perceptibly impairing its strong earning position. If you bought this stock for investment you would not be concerned with intermediate price fluctuations but would buy it on the strength of the 6.5 per cent yield on your money, and you would buy it now. But if you desired to speculate in this issue the time to buy it is not the present, but only when the industry gave definite signs of shaking off the retarding forces now besetting it. In short you would anticipate favorable developments which might find reflection in the price of the stock and then buy it if the trend of the market was in your favor."

"You practically define investment," said our patient listener, "as the purchase of securities for the purpose of deriving income. Do you feel that price appreciation is no concern of the investor?"

"No, it would be foolish to disregard price appreciation entirely. There is no point in buying a high priced issue for investment, whose prospects are entirely discounted, when other issues are available with future promise of selling at higher levels. Every investment is sold ultimately and the ultimate gain is of course a factor worth considering, but income, with safety of principal, still remains the prime consideration."

"How do you define a speculation?" was the next question.

"Speculation is the purchase or sale of a security or commodity in the hope of realizing profits from a subsequent change in price."

"Fine! And now before I do any more buying perhaps it would be well for me to sit down with myself and decide whether I am a speculator or an investor."

"It might be well," we replied, "but it is not necessary to make so fundamental a decision. You can be both by turns, only you must carefully define your purpose in your own mind before every purchase or sale that you make."

In the Next Issue

Coming Features of Importance

1. **Bargains in Stocks Selling Under $100 a Share.**
   A Series of Brief Sketches in Stocks Which Hold Exceptional Promise.
2. **How to Profit from Mergers.**
   When to Buy for Speculation—When for Investment.
3. **What Is Behind the Strength in Oils?**
   A Penetrating Analysis of the Present Position and Outlook for the Oil Industry and the Stocks of Leading Companies.

E. Kenneth Burger
Managing Editor

C. G. Wyckoff
Publisher

Theodore M. Knappen
Associate Editor

Investment and Business Trend

A Business Responsibility—Capitalism is Scared Stiff—Transcontinental Railroads—The Market Prospect

A BUSINESS RESPONSIBILITY

THE gatherings of the unemployed in our large cities has been more or less closely associated in the press and in the public mind with the activity of that benighted group of radicals to which America has unwittingly given refuge—the Reds. This is unfortunate. Unfortunate, particularly, because the possible alignment of American labor with communism is so groundless. The laboring man in this country enjoys, in the worst times, a state of far greater material comfort than is possible in the Russian well-spring of communism, where the "worker" is so obviously glorified in order that he may be exploited. With the example of the present day Soviet Empire before it, with its 150 million people, who have exchanged serfdom to a Czar for serfdom to a worse officialdom, in danger of starvation through the ill-workings of communism, it is not likely that the communistic creed can find many bona fide adherents among Americans, in jobs or without them. The disturbing phase of our unemployment situation, however, is not to be found in the threat of communism, but in the fact that here, in so prosperous and wealthy a nation, 3 to 5 million people can be without gainful employment at one time: that in our industrial scheme, those who are least able to withstand the trials of reduced or vanishing income are those on whom the burden of a recessionary business tendency falls most heavily. Such a condition is a reproach to American business leadership and calls for a new resourcefulness in the solution of a great human problem.

Every well managed business builds up capital reserves to protect its shareholders against periods of reduced earnings. Why not extend similar protection to employees? Shareholders take less in flush times in order that they may not be without dividends in hard times. Is it impracticable to build up reserves for unemployment insurance? In former times, when business units were small and weak, labor independent and roving, and the labor turnover enormous, it was both unnecessary and impracticable; but today in our ever greater and less destructively competitive corporations the personnel becomes more and more stationary and dependent. As great industry becomes more and more identical with the industrial nation it would seem that corporation management will be morally obligated and selfishly impelled to face the problem of assured income for the dependable workers. The temporarily laid off man has claims to be considered as still a part of the industrial machine. He is a labor reserve for prosperity and should not be ignored in adversity. He

should be served in his need and not considered merely as one to serve the need of others. So long as we have cycles in business, unemployment is only the obverse of over-employment. We have too little work because there was too much. Looked at in this way, business is as much responsible for the unemployed as for the employed.

CAPITALISM IS SCARED STIFF

FROM Moscow comes the naive bit of propaganda that the capitalistic powers are stirring up world-wide protests against the de-churching of Russia in order to impede the so-called industrialization of Russia. It seems that the whole world is trembling from fear of the competition of cheap Soviet-made goods when communism gets into full collective business swing. Russian wheat, with the Soviet running all the farms, is to pour into international markets once more and American capitalistic mass production is to be pushed off the map by communistic mass production. Simultaneously come direct reports from Moscow that "it is almost impossible to buy any food or other commodities of popular consumption above what to western standards seems a rather meager ration"—a ration that is fixed by the authorities. This condition is attributed to the failure of the railroads, over which the Soviet has had absolute and complete control for twelve years. At the end of twelve years the railway executive is admitted to be unequal to its work. Inefficiency has characterized every communistic experiment that history records. So far, Russian nationalization of the manufacturing industries has been a series of grandiose prospectuses, followed by failure of economical production and profuse excuses. The tactics resorted to in sociological "reform" have delayed the development of the country for two or three generations. The children of Russia today cannot be expected to achieve the stature of a great people when they are bereft of the character building influence of home and family life, and are beset with poverty and political and social corruption—when they find unworthy practices the necessary tools of existence. Such a record of administrative skill does not hold out much hope of successful state operation of ten million farms. Rather, it brings out the lack of management skill which has made American industrial development possible. It leaves little ground for apprehension over a Tartar conquest in business, and discloses the real reason behind the protest against religious persecution.

TRANSCONTINENTAL RAILROADS

WITH the reported acquisition by the Van Sweringens of working control of Missouri Pacific, a railroad system stretching from the Atlantic to the Pacific looms in the offing. It is not the first time that a coast to coast system has been planned. George Jay Gould had such a dream 25 years ago, but it never came true in his day. Now, however, the plan has new significance.

The Van Sweringens own stock control of railroads reaching from New York and Newport News to St. Louis. With the Missouri Pacific they could get from there to Denver, where the Denver & Rio Grande Western and Western Pacific would take them to the Golden Gate. But with the common knowledge that the I. C. C. would most certainly frown upon it, is a transcontinental system formed along conventional lines the objective? Why not the modern way that the Van Sweringens use? Their holding companies buy "working" control of railroads that connect at important points. Then what is more natural than for the roads in the family to exchange traffic, preferentially, with one another at the connecting points? That is precisely what the C. & O. did with Pere Marquette before the latter was taken into the Van Sweringen family officially and what is being done between Nickel Plate and Pere Marquette with the Erie at Buffalo, although it is still outside the corporate fold. If the Congressional investigation of holding companies, etc., authorized by the Parker resolution, does not start soon and result in enabling legislation, we may have consolidations, and even virtual trans-continental systems, over which the I. C. C. would have little or no control. There is another side to this picture. If this kind of transcontinental system roughly outlined works for the Cleveland boys, would not the other big eastern and western systems be trying it also? If they should, we would have the biggest rail market since just after Calvin Coolidge was elected President.

THE MARKET PROSPECT

A FORTNIGHT ago, the possibility was mentioned in these columns of a further attempt to advance prices through the familiar procedure of rotation of various stocks groups. Favored by unusually low money rates and a marked revival of public interest in the stock market, such a movement materialized and was successful in establishing record quotations in a number of individual issues. The general public whose fortunes have been considerably improved by previous advances were collectively enriched during the past fortnight to the extent of several billions of dollars, and seem inclined to devote their additional resources to more extensive market participation. Indeed, the market is reminiscent of the late summer of 1929. It is presenting an open invitation to the public to buy stocks with all the persuasiveness of what, in the absence of a more inclusive term, we have chosen to label a "distributive" market. Cheap money, a plentiful supply of capital for speculative and investment use—a powerful stimulant in any kind of a market—and the revival of bullish sentiment and public interest are the foundations of the current movement. Although the market has failed to exhibit one impressive danger signal up to the time of this writing and gives numerous indications of its ability to make further progress, we do not withdraw our caution against a full use of ones available resources in the market. This counsel is given with the definite expectation of future buying opportunities that will be more attractive on the average than those now available. Individual investment and speculative opportunities are becoming more and more rare, and even in this category we would make no exception to the broad principle of ample cash reserves for future use.

Monday, March 31st, 1930.

Why Debtor Europe Is a Buyer of American Securities

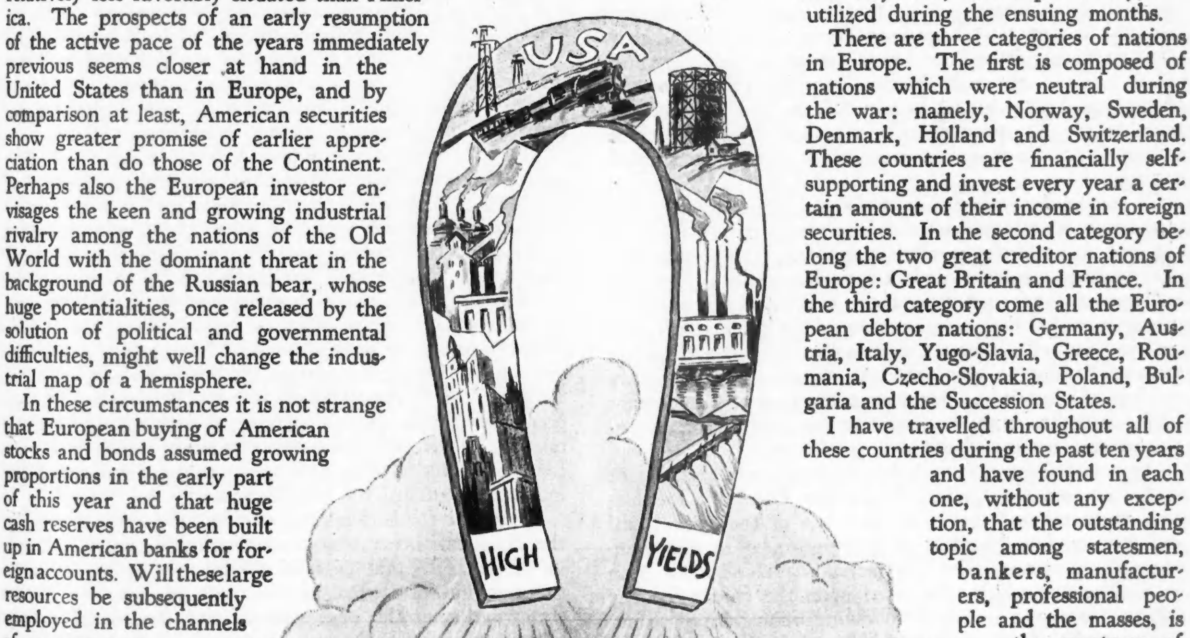
Large Cash Reserves Here Available for Account of Foreign Purchases—How Europe Can Play the Dual Role of Borrower and Investor—A Major Market and Business Influence

By J. Greetham de Lorimier, K.C.

RECESSIONARY business tendencies manifested during recent months are by no means confined to the United States. Falling commodity prices, unemployment and less active industry are world-wide trends. Looking forward several months, however, it might generally be observed that other nations find themselves relatively less favorably situated than America. The prospects of an early resumption of the active pace of the years immediately previous seems closer at hand in the United States than in Europe, and by comparison at least, American securities show greater promise of earlier appreciation than do those of the Continent. Perhaps also the European investor envisages the keen and growing industrial rivalry among the nations of the Old World with the dominant threat in the background of the Russian bear, whose huge potentialities, once released by the solution of political and governmental difficulties, might well change the industrial map of a hemisphere.

In these circumstances it is not strange that European buying of American stocks and bonds assumed growing proportions in the early part of this year and that huge cash reserves have been built up in American banks for foreign accounts. Will these large resources be subsequently employed in the channels of commerce or in the securities market? This is the question of major interest to the American investor.

In order to arrive at a satisfactory answer, it is necessary to define how these cash reserves for foreign account have been created, and to distinguish the economic status of those European powers which have established these reserves and to determine in what manner and to what extent they will, in all probability, be utilized during the ensuing months.



There are three categories of nations in Europe. The first is composed of nations which were neutral during the war: namely, Norway, Sweden, Denmark, Holland and Switzerland. These countries are financially self-supporting and invest every year a certain amount of their income in foreign securities. In the second category belong the two great creditor nations of Europe: Great Britain and France. In the third category come all the European debtor nations: Germany, Austria, Italy, Yugo-Slavia, Greece, Roumania, Czecho-Slovakia, Poland, Bulgaria and the Succession States.

I have travelled throughout all of these countries during the past ten years and have found in each one, without any exception, that the outstanding topic among statesmen, bankers, manufacturers, professional people and the masses, is the greatness of America's industrial and financial

power. Every nation, over there, looks to America for international amity, guidance, statesmanship and economic help. Each nation realizes that the peace of the World would not be an actuality were it not for the moderating influence of America. The debtor nations of Europe realize also that without the continued financial assistance of America the reconstruction period of the weaker ones will be longer and more burdensome. For all these reasons the whole of Continental Europe has its eyes fixed upon America. Every one over there wishes to do business with America, to participate in her financial progress.

The astute and far-sighted European is confident of the nearby recovery of American business. He anticipates large foreign financing in this country during the present year and knows that the proceeds of such loans will be in a large degree extended here for commodities and equipment. Doubtless he plans to profit by the resulting stimulation to those American industries and companies which will especially benefit. As an investor the European has been right before, the chances are that he is right again. In any event his acquisition of prime rails and high yielding industrials is a market factor with which to reckon.

Large Cash Reserves Here

This fact is reflected in a certain degree by the accumulation in this country of large cash reserves which are held on deposit with American banks for the account of foreigners of all walks of life. During the last two years European central banking institutions have been amassing huge sums in this country, notwithstanding the fact that money rates have been excessively high and that loans to Europe have been fewer during the last year and a half. The large cash reserves on deposit here are the property of France, Great Britain, Switzerland and Holland principally. The proportion held by the other nations of Europe is not an important item in American international finance.

Of course, the high cost of credit and high prices of commodities have compelled the European to curtail his purchase of goods in this country, a fact which, of course, has not benefited the export end of American trade. The present low rates of interest and the lowering of commodity prices, provided they remain more or less stabilized at current indices, will, however, permit the less fortunate countries of Europe to step into the money and commodity markets of America. This eventuality is a most important factor to reckon with, especially at this juncture of America's general trade and economic problems.

As a matter of fact, the development and extension of trade between the United States and Europe is the first step to be taken towards the solution of the agricultural and industrial problems at present prevailing in this country. The post-war boom of America was due to European reconstruction, which was based upon the financial policy of this country immediately following upon the post-armistice period. America financed Europe and America became prosperous. As soon as American finance kept aloof from Europe, trade began to shrink, exports became a disappointment to the manufacturer and farmer who have had an exportable surplus.

Indeed, the result of overlending money to speculation instead of financing trade was the debacle which came last Fall. The powers that be, had forgotten, during nearly two years, the significance of the policy of export capitalism which this country had successfully pursued since the World War and which had been responsible for the economic equilibrium that had existed here until nearly a year before the grand smash. The international financial policy of co-operation among the Central Banking Institutions of Europe and this country, which is on the tapis at the present time, seems to indicate a renewal of the post-Armistice policy, the carrying out of which will mean a renewed wave of prosperity in this country for a number of years onward.

The European investor is fully aware of this eventuality and as he abides his time he is looking out for profitable and sound investments in American securities.

Why Europe Buys

He was quietly buying in the dull markets of January and it is to be expected that he will become more of a factor later on, when the proceeds of foreign loans floated here are expended for essential materials. For he has been far-sighted enough to recognize that these expenditures are destined to react favorably on sales volume and earnings of leading companies in a number of industries; and it is the shares of these high grade industrials—manufacturers of equipment—railway, farm, machinery, electrical and business equipment, foods, chemicals and so on, which are being, and will be increasingly bought for foreign account. The well-known leaning of the European investor for the stocks and bonds of American rails and high grade industrial preferreds is thus being rapidly augmented by desire for the top-notch common stocks.

There is, moreover, considerable logic in this developing taste for broader diet of American securities on the part of European investors. Security investment in this country offers several appeals with which foreign securities can but feebly compete. Yields, generally speaking, are higher here than on the Continent. But this is not the sole attraction. Information concerning a company and its statistics relative to its financial position and past record are infinitely more complete and more readily available here than abroad. Entirely apart from these attractions, however, is the lure of the sheer size of American enterprise. From a broad viewpoint, companies abroad are not of large enough proportions to provide investors with the scope and potentialities for growth and development which are so abundant in the industrial giants of the United States.

Whatever the background, the fact is Europe is back in the American investment market and promises to increase its influence in that channel. This actually gives rise to the question of "what nations will be investors in this country during the next year or two, and what nations will be principally buyers of American products as the result of loans floated in this country?"

What Funds Are Available?

The majority of European Central Banking Institutions count as cash reserves their holdings of dollar exchange. These are held on deposit with American banks for the dual purpose (a) of meeting payments which foreign borrowers have to make here on account of interest, sinking funds and bond redemptions; and (b) for the purchase in the American market of such things as their requirements demand. The debtor nations of Europe, mentioned above as category

3, namely, Germany, Austria, Italy and others, do not keep on deposit here sums that exceed by a wide margin the amounts required to meet interest, sinking funds and bond redemption payments. The ordinary trade balances between them and America are adjusted by temporary finance bills and loans, which must be liquidated in the long run by an exchange of commodities and services as between debtor and creditor. These finance bills and loans are mere promises to pay, and although they are computed as American exports and imports of short term capital, they are as a matter of fact nothing else than additional advances of credit to foreign borrowers who are potential buyers of American products. This kind of business affects the industrial and agricultural interests of the country. The greater the amount of bills and loans discounted in this country for the benefit of European borrowers, the greater will be the volume of trade between this country and Europe.

Commodities and Capital

A hurried trip, which I made through the Continental countries of Europe last year, convinced me that the stocks of commodities of all sorts, required by every nation, were very short and that the stores had to be refilled very soon. During my travelling, last year, I was particularly impressed by the absence of American representatives, who during the years 1920 down to 1925 were to be met in every corner of Europe after orders for American concerns. There must be a very good reason for this apathy on the part of American exporters. Anyhow, there is yet a great deal of business to be had over there and the question is who is going to go out and get it.

According to computation of the requirements of some countries, the largest borrower of capital during the next decade will be Germany, whose annual needs will approximate $300,000,000 during the first five-year period and at least $250,000,000 every year during the second five-year period, making an aggregate total of about $2,500,000,000. Then come Roumania and Poland, both immensely rich countries in potential wealth, with needs which will amount in value to at least $50,000,000 for each country per annum to be spent on productive enterprises of the highest order. These loans will aggregate about $1,000,000,000 during the next ten years.

The Succession States, Bulgaria, Turkey, Greece and Yugo-Slavia will require among them combined at least $750,000,000 during the next ten years. Belgium, Portugal and Spain will require among them at least $300,000,000 during the next five years. Italy will require $100,000,000 every year for the next ten years to extend and develop her industrial enterprises in her overseas possessions as well as at home and to fructify her agricultural resources, which have gone forward in leaps and bounds in the last few years. The general condition of all these countries is healthy and sound. All that they require is more capital to develop their resources and thereafter they will be self-supporting.

Two Heavy Buyers

The position of France and Great Britain is essentially different. They are doubtless the heaviest current as well as the largest potential buyers of American investments. The external trade of both of these two countries has been increasing every year since 1923 in such proportions that the profits derived from such external trade are nearly equal to the yearly amounts which both Great Britain and France invested in American securities before the World War, when both these wealthy creditor nations were the money marts of the United States. For example, let us refer to the accompanying table of what Great Britain's international financial position is in regard to the United States. From these figures it is apparent that the market in Great Britain for American securities is and will be in the not distant future as important, if not greater, than it was before the World War.

Yet some people in the United States have expressed the view that the financial position of Great Britain is in bad shape and that she is on the verge of being "down and out"; that the value of the pound sterling is apt to take a landslide, owing to the decrease of her exports, to the increase of her unemployment problems, and to the fact that the Labor Party is in power.

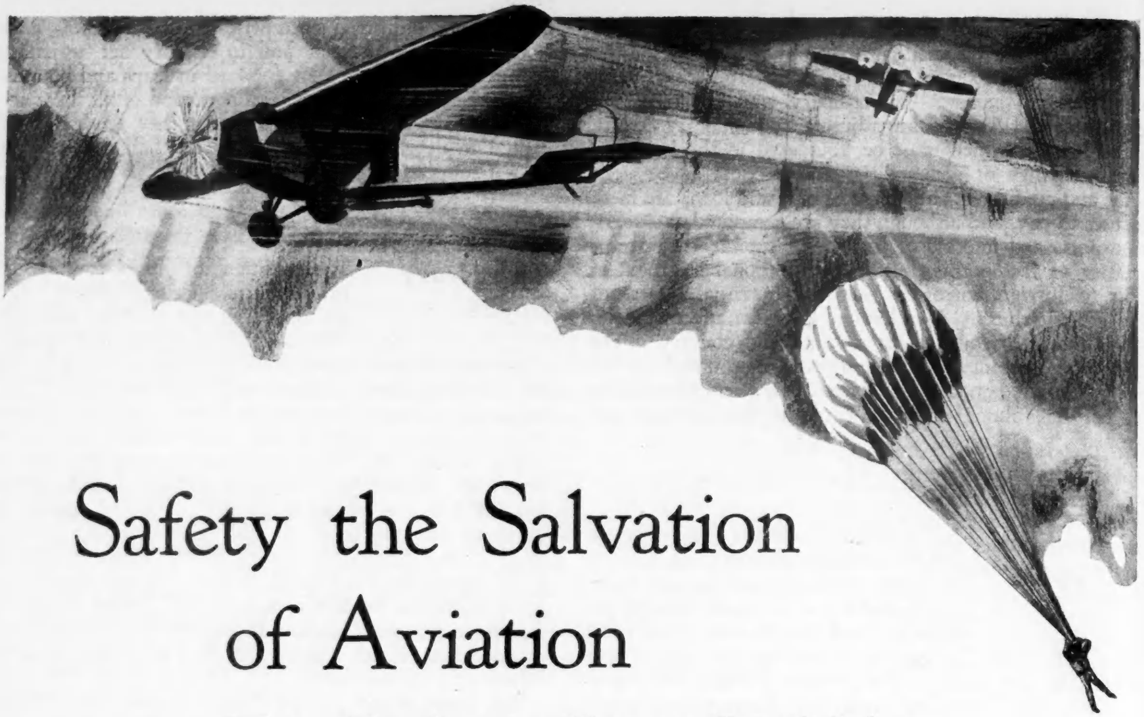
All these reasons are illusory, to a certain extent. The general economic position of Great Britain insofar as it concerns the United States from a financial point of view is as strong today as it was before the war. Were it not for the yearly cash payments which Great Britain is obligated to meet and turn over to the United States Government, her annual cash reserves in this country would nearly equal her pre-war average income from her investments in American securities. Outside of the American war debt, Great Britain has no external debts. She is, like the United States, a creditor of nearly the whole world. Her true position is only revealed when to her exports to this country are added the trade balances with the United States of the Crown colonies and of debtor nations to Great Britain, plus the services of British ships, insurance and banking. Considering her trade position in this light it is

(*Please turn to page 958*)

Yearly Payments Between U. S. and Great Britain

	* Total U. S. Imports from Great Britain	† Total U. S. Exports to Great Britain	Aggregate Credit Balances in U. S. Owing Great Britain	Cash Payments to U. S. on War Debt	Net Cash Balances in U. S. Banks in Favor of Great Britain Available for Investment or Otherwise
	Millions of Dollars				
1923	1,166	888	277	161	116
1924	1,200	1,017	182	160	21
1925	1,322	1,018	304	160	143
1926	1,290	976	314	160	153
1927	1,157	851	306	160	146
1928	1,060	880	180	161	18
1929	1,220	769	451	160	326
	8,395	6,399	2,014	1,122	923

* Including merchandise, gold and silver, service charges, exchanges controlled by British banks in U. S. † Including merchandise, gold and silver.



Safety the Salvation of Aviation

Industry Must Overcome Numerous Hazards Before Aviation Securities Merit Investment Rank

By HOWARD MINGOS

EVERYBODY in aviation, when he tells the truth, now admits that if the vast majority of aircraft stocks are to be worth the holding, flying must be popularized at a much faster pace than present conditions indicate. Admittedly speculative and the best of them good only for a long, long pull, the aeronautical securities have remained close to their record lows since the market collapse; and nothing much has happened to restore faith in that form of investment.

Only a few of the leaders have remained active, trading in five or six of them being justified apparently by the fact that those concerns represented are well-financed, ably managed and assured of steady business from the Army and Navy which are committed to a program of aerial expansion regardless of treaties limiting surface armament. The stocks of those companies favored with the bulk of Government work—it totals about $40,000,000 annually—have been brought down to within reach of actual values and are readily marketable at such figures.

Public Patronage Needed

But all the Government business now or in future will not pay dividends on the 500 million dollars which Americans have invested in aviation during the past three years. It promises to keep alive a few units specializing in military equipment. That is all. Approximately 100 airplane manufacturing companies, 20 aircraft engine companies and 30 air transport organizations must depend entirely on the patronage of the public.

The factories must sell their products to private owners, air lines and local aerial taxi services which in turn can buy only the equipment for which they have profitable use. But people generally have very little confidence in aircraft. Most of them still are afraid to fly. The recurrent accidents serve to keep popular feeling at the same low ebb as the stocks.

Recognizing that to be wholly popular flying first must be made safe, at least much safer than it is today, the keen minds among the aircraft people have concluded that every safeguard must be provided even though it means holding up all further expansion until the improvements are installed.

Accidents Handicap Progress

The organized transport lines have steadily developed passenger traffic since they reduced rates to compete with the railroads. But this means operating at a loss until they can employ whole fleets of planes where one or two machines are flown at present. And after all, the number now traveling by air are relatively few when compared to the possibilities. The fact that several tragedies have occurred on the air lines discourages the public. There is no doubt of that.

Possibly half of all the mishaps can be traced to poor technique or bad judgment on the part of the pilot. For all his experience he may fail to use his head when one second of hesitancy means a crash. Or he may be just stubborn enough to take chances with the lives of himself and his passengers.

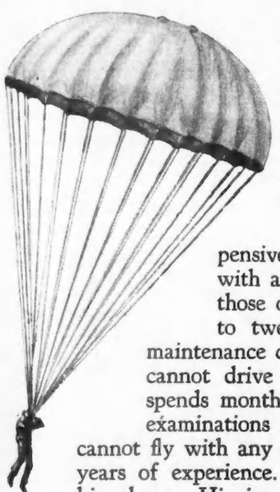
Almost without exception the more serious accidents on the air lines could have been avoided had the pilot used better judgment. A recent tragedy which killed all the occupants of a big transport plane was laid directly to the habit of the pilot in flying at a few hundred feet above the

surface. Another ran into a storm without warning and cracked up on a mountain, because he and his superiors had not provided the ship with radio which would have given him half-hourly weather reports. Still another came into his terminal flying straight and low, overshot the field and crashed, killing several. Many times planes have been sent out overloaded despite the known fact that a machine loaded to capacity is tricky and difficult to manage in rough weather or any other emergency.

In fairness to the pilots, however, one should know that they have been faced with a difficult proposition from the beginning. They have pioneered. Air transport as yet is only in its infancy. Only in recent months has radio been developed to a degree warranting its use in aircraft. Now it is being installed on all transports in regular service.

The development of various radio instruments, improved aircraft, better airports and auxiliary facilities must relieve the pilot of much responsibility and reduce the number of accidents for which he is now held accountable. It should result in much better service on all air lines, including those carrying mail and express.

Many operators have hesitated to carry passengers until they could assure their safety. They have concentrated on mail and express; and the traffic has grown steadily, but many believe it would soon show amazing progress once the public had confidence in the regularity of the service. The average person does not care enough for speed to pay more for it and risk long delays in bad weather and forced landings.



Those who are promoting private flying are in the same boat. They are trying to sell something which is an expensive luxury at best. Airplanes with accommodations comparable to those of motor cars cost from eight to twenty thousand dollars. The maintenance charges are high. The owner cannot drive his own machine unless he spends months in training, passes physical examinations and procures a license. He cannot fly with any degree of safety without two years of experience. One accident may destroy his plane. His insurance is too costly to think about.

Indeed, the fact that there are not more fatalities may be attributed to the negligible amount of private, amateur flying. The airplane is not yet fool-proof. Nothing at present in the air shows any sign of being a safe machine in the hands of an unskilled, inexperienced operator. There are many devices to help the pilot, of course, but until somebody invents a machine radically different than present types that will permit safer landing and take-offs, that will offer greater stability under adverse conditions, flying must remain a highly technical, scientific and very often hazardous business.

Weakness of Motive Power

Twenty per cent of the accidents are due to failure of the power plant. But each year the aircraft engine becomes more reliable. Hundreds of different experiments now in progress seek improvements in motors. Better materials, new metals, fuels, the elimination of the fire hazard and simplified design may one day produce an engine which will not play out in mid-air. Skilled repairing and overhauling are important; and the training given mechanics at the schools today must prevent at least two per cent of the fatalities and approximately twenty per cent of the minor accidents.

Structurally the airplane is strong enough. Its chief point of failure is the landing gear which breaks under unusual stress, though seldom does such an accident cause much damage. The main problem is to provide the machine with a clear straight road through the skies and enable it to come down to a safe landing at any place. The development of airports in all communities is helping to prevent accidents; the emergency fields which the Department of Commerce maintains at intervals along all charted airways afford an opportunity for safe landing at almost any stage of a route. It is believed that eventually a pilot can find an emergency landing field within eight miles of wherever he happens to be in the United States. In that event no sensible person should crash his plane in clear weather. But ideal flying weather conditions do not always obtain.

The principal drawbacks to safe flying are clouds, mist, rain, snow and fog. A majority of the fatal accidents are caused by the inability of the pilot to make his way through those elements at their worst. He cannot see his way clear. The surface is obliterated. He loses the course, and finally has to land blindly. Ice forming on the wings so changes their shape that they will no longer sustain the ship; either that or depleted fuel tanks will force him down. And often he will dash madly against some obstruction which cannot be seen twenty feet away, a fog-hidden hilltop, a tree or tall building.

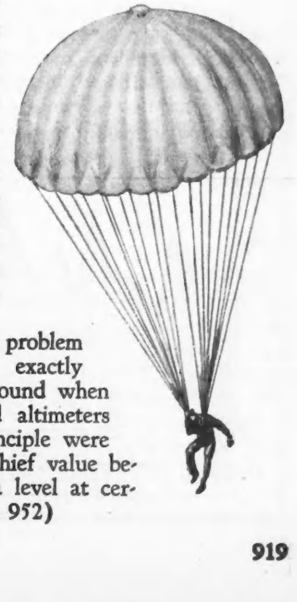
Scientific Safeguards

Many devices are now being provided to protect a ship in bad weather. Gradually they must contribute mightily in eliminating the accidents. Of all the safeguards in the air radio is most important.

More than 20,000 miles of airways have been established in this country. Half of the routes are thoroughly prepared for night flying with huge beacons and smaller lights to guide the pilot on a true course. But at times the most powerful rays are blotted out and he cannot see a thing outside his ship. Enter the radio beam.

From a ground station somewhere on the course two signals come to the pilot. When they fail to blend into one long dash he knows he is off course; he can determine the side by the manner in which the signals come in. After that he need only swerve back until the signals again become normal.

A striking advance in recent months has been made in radio telephones for airplanes. This permits the pilot to talk with the surface stations, receive orders, weather reports and directions. If, for example, he finds ice forming on his wings—and he can detect it at once by means of an ice-warning indicator—he tells the surface station and is directed to a safe landing.



Most baffling has been the problem of letting the pilot know exactly how far he is above the ground when he cannot see it. The old altimeters based on the barograph principle were not accurate enough, their chief value being to give height above sea level at cer-

(Please turn to page 952)

Real Estate Comes Back To Earth

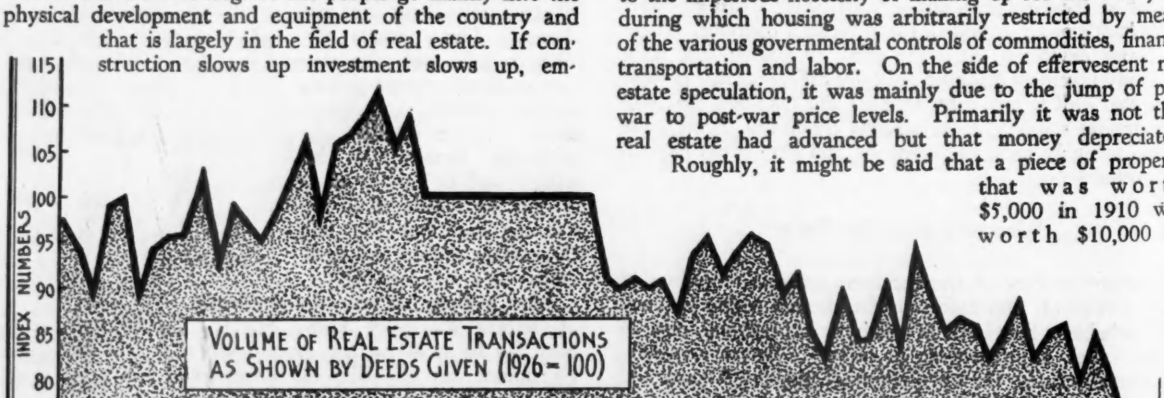
Progressive Deflation of Past Four Years Passes Acute Stage as Prices Trend Toward Investment Basis

By THEODORE M. KNAPPEN

IN October and November people conceded that a twister had stirred the stockmarket deeply, but were positive that outside of a little shock the body economic was all right. In January we began to wonder what was the matter with commodities. As the security markets slowly recovered there seemed to be no bottom to commodity prices. Then in February we began to perceive with alarm that the real estate situation was not all that it should be. That rush to put up new buildings for the love of country, and inaugurate great construction enterprises, for the glory of the President, that we visioned after the various groups of magnates returned from their Washington conferences didn't do so much rushing. Employment forsook us, too, and went from bad to worse. By this time the belief was general that the country was suffering from something besides symptoms of shell shock.

We Turn to Real Estate

Now the conviction is general that the key to the present situation is in real estate, including in that term public buildings and works. We are realizing more than ever before that property in this country flows from construction and the profitable utilization of real estate. Prosperity is nothing more or less than the continued rotation of the country's surplus capital. In the United States the savings of the people go mainly into the physical development and equipment of the country and that is largely in the field of real estate. If construction slows up investment slows up, employment decreases, demand for vast quantities of commodities of all sorts falls off, and the country is faced by a situation of overproduction or of overcapacity to produce. Investment funds are idle, consumption decreases, trade slackens, and we have hard times. In other countries prosperity depends largely upon the status of foreign trade. With us, while foreign trade is a prosperity factor, it is a minor one. Construction is investment in this country as nowhere else in the world. If we are not feverishly building we are not fully working our money.



Not a New Trend

Real estate has been moving toward a bad investment position for a long time. From 1896 until 1922 the country went through a long period of increasing prices of commodities and real estate and of growing activity in real estate operations. In the case of farm lands this activity became a roaring boom in 1918-20 which collapsed in 1920-21 with the most destructive results—results that are felt to this day in poverty of purse and misery of existence. Values were deflated as much as 50 and even 75 per cent, and for the next five years there was virtually no market for farm land—and very little yet.

With recovery from the depression of 1920-21 a tremendous urban real estate boom set in. This was partly due to the imperious necessity of making up for the war years during which housing was arbitrarily restricted by means of the various governmental controls of commodities, finance, transportation and labor. On the side of effervescent real estate speculation, it was mainly due to the jump of pre-war to post-war price levels. Primarily it was not that real estate had advanced but that money depreciated. Roughly, it might be said that a piece of property that was worth $5,000 in 1910 was worth $10,000 in

1920—with no takers in the former year and eager applicants in the latter.

The Alluring Unearned Increment

This easy money—this delightfully unearned increment—combined with great avidity to deliver the money and take the property attracted popular attention to real estate as a handy medium of speculation. And, of course, real estate was safe, as "the basis of value." A legitimate demand at defensible, although practically double, old-time prices soon became a wild speculative boom which made its own prices as it grew and spread. The boom blew out at the weakest spot—Florida—in 1925-26, and gradually petered out over the whole country. Since then the great open spaces between cities have been busy pulling up sub-division stakes to make room for cow-pastures. The boom had very little to do with investment values. Billions of dollars' worth of property was bought and sold on option or installment contract, for the sole purpose of making a profit by resale. When the inevitable end came millions of people found themselves with worthless empty lots, others had improved property that was for various reasons practically undesirable, home-owners found that, on the deflated valuations, their equities had been virtually if not absolutely wiped out, real estate bond issues were defaulted, mortgage companies failed and the real estate market went into general demoralization—a demoralization that is attested by fewer and fewer sales.

The end, broadly speaking, is not even yet, because many real estate owners have refused to face the facts and mark their prices down to an investment basis. With the life and excitement gone out of the real estate market the speculative fraternity turned to the security markets and did their part to bring on the boom and crash there.

The climax of the real estate boom was reached in 1925-26 but the building activity grew until 1928. By the beginning of 1929 there was an obvious oversupply of all types of residential buildings. The business depression that has since set in has restricted the normal residence demand.

Money Still Hankers for Stocks

While heavy construction and engineering works kept up well during 1929 they were held back by high interest rates, lack of money and anxiety as to the future—leaving still more to be done this year. Office buildings were heavily overbuilt. And then, with the stock market collapse, building collapsed at the end of the year. It was expected that with funds released from the stock market, engineering construction and residential building would be resumed rather promptly. This expectation has so far met with disappointment. The total of engineering and building contracts for the first two months of 1930, according to the reports of the F. W. Dodge Corporation amounted to $641,000,000—17 per cent less than the figures for the same months of 1929.

Money for building has not come out as expected, realty bond issues have been few and mortgage loans hesitant. Money is admittedly plentiful and nominally cheap, but it appears that it takes time for confidence to be restored. Besides, when Old Man Money comes to think about it, he can't recall that anybody lost money in the call money market or much in the security loans. So the surplus money hangs around Wall Street, waiting for another chance for softness with safety. Prospective builders are sure that they will have an abundance of cheap money later and lenders seem to desire to profit by urgency loans in the case of developers who cannot wait. On the whole, though, there seems to be every reason to believe that the volume of construction will increase steadily, if not rapidly, from now on. Prosperity will return in line with construction expansion, but the delay now in evidence sets the whole year back.

Construction's the Thing

It seems certain that in building, as distinguished from engineering construction, 1930 will not be a bright year. Owing to the sharp check to residential building in 1929 the country is probably normally in need of an active year in this line, but the problems of financing the purchase of small homes will repress realization of desire. Moreover, the growing problem of residence obsolescence is likely to receive more attention this year than in the prouder and more prosperous years of the immediate past. Modernization will be substituted to a large degree for new building. This will have a beneficial effect on real estate values, both of individual properties and twilight zones, but involves less building expenditures. The residence buying and building public has been fed up for a long time by excessive prices, due mostly, to high-pressure selling and inflated prices resulting from crude financing methods. Thousands and thousands of overpriced houses have come back to the vendors. These are mostly speculative builders, and they are not in a mood to take further risks. We shall probably go through a period of declining rents and congested housing before residence building becomes as active as it was in 1928. Before congestion becomes acute, however, the present tendency toward lower residential rentals will go considerably further.

More Offices Than Business

Beyond a doubt the country is overdone on office buildings. Owing to the building in progress when the business depression became acute more office building space was under construction in January than in October, according to the figures of the National Association of Building Owners and Managers. Sixty per cent of this 15,000,000 square feet will be ready for occupancy on May 1st. This comes on top of near 17,000,000 square feet of unoccupied space in completed buildings. In the forty cities to which these figures relate the present percentage of vacancy (that is at the time of the survey, January 1st) was 11.45—just a bit lower than three months earlier and not very different from the past two years—but from two to three points higher than in 1924-26. Many of the office buildings of the past two or three years have been built on hope and faith—and some lean months and even years are ahead of them.

Even if we assume that 10 per cent of office vacancy is normal many cities are tremendously oversupplied. Of the reporting cities, San Diego, Calif., leads with 32.04 per cent of vacancy, Jacksonville has 27.80; Detroit, 24; Oakland, 27.65; Baltimore, 20; Minneapolis, 16.04; New Orleans, 16.34; Chicago, 14. Very few cities have less than 10 per cent, among which is New York, with less than 1 per cent in some areas. But by mid-spring there will be a different story to tell in the mid-town section of New York, and many of the already overbuilt cities have new and presently superfluous buildings nearing completion.

(Please turn to page 923)

Two Authoritative Views On the Revival of Real Estate

Special Statements to The Magazine of Wall Street

By Charles J. Martin

Manager, Loan and Real Estate Department, The Equitable Life Assurance Society

THE real estate situation has been rather dull for approximately a year and we have been in a more or less general period of real estate deflation for several years, the real apex of the post-bellum boom having been around 1925-26. It is really remarkable how stubborn values have been in resisting the deflationary tendencies. The probabilities are that owing to the reduced amount of building the last two years there may be centres that are now in need of residential construction, but we must keep in mind the fact that with decreasing immigration, slowing up of the rate of natural growth of the population and an abundance of homes of modern construction, the chances are that the great homebuilding period of the last ten years will not soon be equalled. The society with which I am affiliated lends money on homes in over three hundred cities throughout the United States and we are having an increased demand for such loans. Old style homes are being replaced by the new in every community.

Just now the lenders undoubtedly have the better of the lending situation and many desirable mortgage loans for long periods are being made at 6%. Possibly considerably larger sums of cheaper money could be put out right now. We see evidences throughout the country, as a whole, of an increasing interest in new construction of sizable structures and demands for funds, and while revival of construction and the incidental borrowing may be gradual experience shows that usually such revivals come suddenly. It is to some extent a matter of mass psychology and temperamental mood of the country.

There is also the mechanics of the situation to be considered. When vast sums of money are diverted from customary uses, as was the case during the stock market boom, it is a slow process for them to flow back into original channels. Many savings banks, for instance, were practically out of the mortgage business for some time because of withdrawals, and they are beginning to have surplus available for real estate loans—and this statement is true of a wide variety of loan institutions. These funds are slowly getting back into natural channels throughout the country and I look for an increasing volume of real estate loans.

By Thomas S. Holden

Vice-President, F. W. Dodge Corporation

CONSTRUCTION activity takes the savings of yesterday and spends them today for the needs of tomorrow; it transforms capital accumulations into physical wealth and distributes the money as purchasing power; it is peculiarly bound up in the economic growth of the country.

That is why a revival of building and engineering activity is needed today to bring business back to normal.

That is why the recent marked improvement in the bond market is a very favorable omen for a revival of building activity; it shows a trend toward long-term investments.

Improvement in the market for municipal and corporate bonds is not the only favorable financial change that has been noted recently. Gradually through the first quarter of the year improvements have been noted in the condition of savings banks and building and loan associations, which have been gradually working back to a position where they can begin to lend mortgage money in normal volume at normal interest rates.

The building decline of last year was made more acute by the fact of the financial break coming just at the opening of the winter season, normally low in new construction projects. This resulted in a very low volume of new building contracts in January and February, although these months had contracts for public works and utilities projects in unusually large volume for this season of the year. The annual seasonal building revival starts in March, which has normally an increase of 40 to 50 per cent in contract volume over February. The first half of March, 1930, has shown a substantial increase in contract-letting over the rate that prevailed in January and February of this year. The extent to which this year's spring revival gains momentum as the year progresses will determine the extent of building recovery from the low activity that has prevailed during the past winter. During these months which have been comparatively meager in contracts, there has been a normal volume of new building work recorded in the plan stage and a record volume of contemplated civil engineering work.

The prospect for the year 1930 may be summarized as follows: substantial increases in public buildings and public engineering work, with which may be included electric power and public utility developments; a probable upturn in residential building (which has been severely curtailed in the past twelve months) with the possibility of a fair increase in volume of this work over 1929; moderate decreases in commercial and industrial building. The trend of construction activity during the rest of 1930 should be one of steady, though gradual, improvement.

(*Continued from page* 921)

The same survey and other data reveal a surplus of commercial and industrial buildings. The relation of construction to general business, the present status of construction and the outlook succinctly stated by Thomas S. Holden, vice-president in charge of the statistical division of the F. W. Dodge Corporation, who is the leading authority on such matters, in the accompanying summary prepared at the special request of the writer.

Can Such Figures Be?

All told, construction great and small is apparently going to be considerably more this year than last if it can get up the momentum in time. Public works and utilities will be well ahead of last year's record, residential buildings a little less, office building much less, commercial building less, industrial buildings less, virtually all public and semi-public buildings more, together with an increase in remodeling and the aggregate of miscellaneous small buildings. The grand total has been put as high as $10,000,000,000, as compared with $7,677,000,000 in 1929 and an average of $8,641,000,000 for 1925-28. The start has probably been made too late for the high figures to be reached in the twelve months of this calendar year, and they seem too high for any twelve months' period. It would be good enough to attain the 1925-28 average.

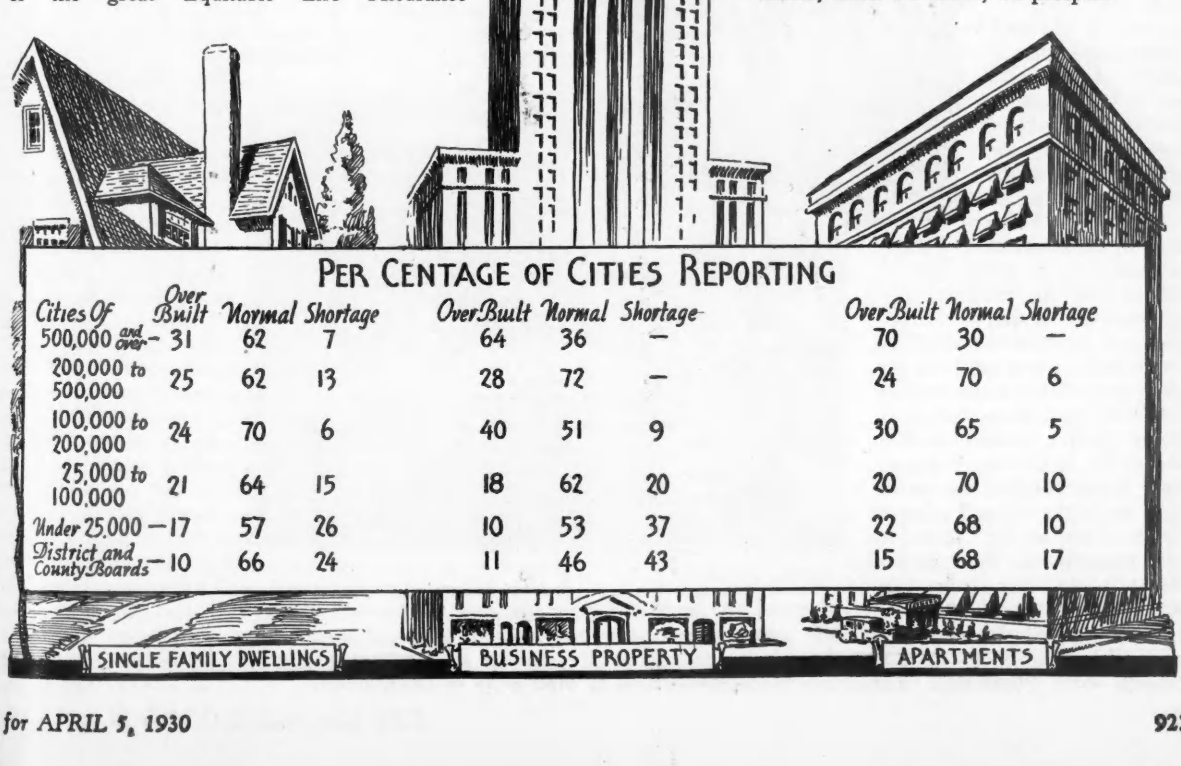
The outlook, more especially on the financial side of home construction, is probably perceived more clearly by the great life insurance companies, with their mortgage loans all over the country than by any other observers. In talking with their loan managers one gets the impression that we may never again see such a volume of residential building in this country as from 1925 to 1928. The basic conditions are changing, population is not growing so fast, and building costs for the kind of homes the American people want have become too heavy. Charles J. Martin, manager of the mortgage loan and real estate department of the great Equitable Life Assurance Society, gives his view and briefly elsewhere, in the accompanying statement.

Cheap Financing—Factory Built

It may well be, however, that the problem of providing owned homes for the millions that desire them may yet be solved. There is much evidence that financial engineers of first class ability are turning their attention to it. A great mail order house has gone into installment housing on a hundred-million-dollar scale, many finance companies, new and old, are turning their attention to the problem, and some insurance companies are offering loans amortized over a period of fifteen years.

With suitable financing of new houses there would be a vast amount of scrapping of old ones. The obsolescent building is as much of a problem in the real estate world as the used car in motordom. Scrapping old houses has always been a characteristic source of business activity in the United States. If we can find a way to finance new houses right this sort of activity will last for generations. These new houses may be factory-made—O ye devils of standardization!—shipped knocked down and put together in large units. Why should we have hand-made houses in a quantity-production age?

As for the present and in relation to the revival of business it is reassuring to realize that we were already at or near the bottom of the real estate pit before securities and commodities crashed. The bottom is a good place to start from for a long climb. Cheap business land, low-priced residence lots, reasonable rents, fair financing, unite with sober securities, abundance of capital getting restive for employment, labor eager for work and bed-rock commodities for a new period of energetic expansion. Real estate, taking in the whole construction field, is in a position to pioneer the return of prosperity, as it always has done in this country. When we build, we invest; when we invest, we prosper.



PER CENTAGE OF CITIES REPORTING

Cities Of	Single Family Dwellings: Over Built	Normal	Shortage	Business Property: Over Built	Normal	Shortage	Apartments: Over Built	Normal	Shortage
500,000 and over	31	62	7	64	36	—	70	30	—
200,000 to 500,000	25	62	13	28	72	—	24	70	6
100,000 to 200,000	24	70	6	40	51	9	30	65	5
25,000 to 100,000	21	64	15	18	62	20	20	70	10
Under 25,000	17	57	26	10	53	37	22	68	10
District and County Boards	10	66	24	11	46	43	15	68	17

SINGLE FAMILY DWELLINGS — BUSINESS PROPERTY — APARTMENTS

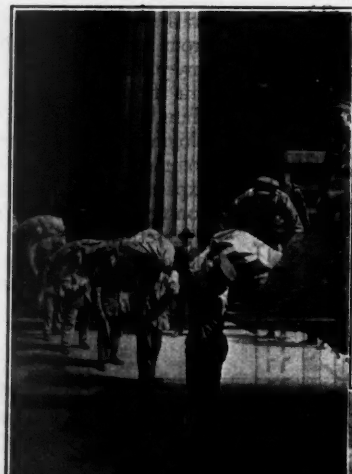
Are Small Investors the Market's Strength or Weakness?

Large Growth in Number of Corporate Stockholders Indicates Enlargement of Investment Interest

By Arthur M. Leinbach

THE United States is steadily increasing its army of stockholder-owners of its large corporations in spite of market panics.

As company reports for 1929 become available, it is more and more evident that the growth of corporate stock ownership in this country has assumed a broad secular trend, rather than being merely an incident of the market "boom" of the past few years. Thus, the cynical attitude of continuing to anticipate the time when "the little fellows would be shaken out of the market" is hardly tenable in the light of facts about growing stockholders' lists that are currently coming to light.



Courtesy, A. T. & T.

The latter statement is apt to get us a little ahead of our story. Perhaps it would be well to recognize at the start that the "permanency" of the small investor's interest in stock ownership is a vital factor in the future course of the stock market, just as it has been a vital factor in the career of the market up to the present time. In the aggregate, the modest purchases of stocks by small investors have represented an imposing proportion of the real demand for stocks upon which the present market is and has been predicated. With the comparatively limited market for investment stocks that existed prior to the past five or ten years, no such structure as the present market could ever have been erected.

How long will the interest of the small investor be sustained in common stock ownership? The financial community has much at stake in the answer to this question—so has business, banking, international trade and home industry. Those who attempt to give us an answer seem to be divided into two extreme points of view. Strangly enough, there are few who take a middle course in the matter. The cynics have been saying that the small investor's interest in common stock investments will last only as long as the major trend of the market is upward. Insiders, in the meantime, will have disposed of a huge volume of their stocks to the public. When the upward cycle ends and the almost forgotten phantom of a real old fashioned bear market reappears—then and only then will the small investors let go of their common stocks. After the boom, comes the panic. Small investors will be stampeded into throwing over their high priced stocks and go away grumbling with the few pennies that they will be able to salvage from the wreck, while their erstwhile stockholdings rest comfortably in the strong boxes of big investors. This is the cynical view of the small investors' stock market participation, which seemed perilously close to being confirmed during the October-November stock market decline.

Now that the smoke has cleared up and the debris has been carried away, we see that this did not happen at all—in fact there is more evidence that stocks passed into small investors' hands during the break than there is of an old fashioned "clean-up" by strong interests. Instead of a shake-out of small participants, there was, in the words of Julius H. Barnes, chairman of President Hoover's National Business Conference, "an enlargement of general investment in the ownership of stocks of proven and tested worth."

Courtesy, Consolidated Gas Co. of N. Y.

Many of the leading corporations find it necessary to maintain extensive machinery and employ scores of workers for the sole purpose of sending notices of meetings and other communications to their army of stockholders.

"For example," Mr. Barnes goes on to say, "the American Telephone and Telegraph Company during this period of stock decline and supposed liquidation, increased its shareholders from

455,000 to 470,000, General Motors Corporation from 117,000 to 198,000, the Packard Motor Company from 11,000 to 26,000. The Woolworth Company nearly doubled its number of stockholders. A large mail-order house more than doubled its number of stockholders. The United States Steel Corporation, a high priced stock, added over 6,000 new stockholders. The Standard Oil Company of New Jersey added 14,000 new stockholders. The Pennsylvania Railroad gained nearly 15,000 stockholders. The largest bank in the world, paying dividends October first to 50,000 stockholders, mailed dividend checks on January 1st to 62,500 stockholders."

An increase in the number of stockholders means a smaller average holding—the addition of many small investors to the corporate family of stockholder-owners. This tendency is further confirmed by the experience of odd-lot brokers. Incidentally, in normal times the odd-lot brokers receive more buying orders than selling orders, indicating that the small investors are accumulating more stocks for investment rather than for trading in and out of the market for quick profits. While the market was rising, however, the balance between odd-lot buyers and sellers was confined well within a 60 to 40 ratio. During the fall break, brokers report that 75 per cent of the odd-lot orders were buying orders. If this ratio is truly representative, it indicates that for every share that the small investor sold during the breaks, another small investor bought three shares—the difference coming out of full lot transactions.

From the Cautious to the Foresighted

"A rising security market tends to transfer ownership of some part of the accumulated wealth of the country from the cautious to the foresighted and venturesome."

This statement was made in the report of the Committee on Recent Economic Changes, which was prepared and published last year. In past times, this transition of ownership from the "cautious to the venturesome" would have been interpreted sophistically to mean the sale of stocks by big investors to small investors at high prices, with the implication that after prices broke the "cautious" would again become "venturesome" and buy their stocks back at bargain prices. If it was the hope of the big investor to come into a deserted market-place after the break and buy stocks at his own prices, he was certainly disappointed. There were plenty of little fellows there looking for bargains too. And unquestionably the small investor has played an important role in the recovery which has taken place in the market since those late fall days of bargain prices. It is also a reasonable assumption that the small investor will be on hand to buy stock in future market recessions as they may materialize.

How the Number of Stockholders Has Grown in Leading Corporations

	1929	1930
American Telephone and Telegraph...	455,324	470,000
Baltimore & Ohio....................	30,069	37,553
Chrysler	21,675	36,000
Cities Service	118,277	355,175
Columbia Gas & Electric..............	21,000	32,000
Commonwealth & Southern..............	38,000	75,000
Consolidated Gas	43,000	72,000
Electric Bond & Share................	27,790	68,010
General Motors	71,185	238,000
Irving Trust Co.	10,837	51,324
National City Bank...................	18,402	62,868
National Dairy Products..............	†20,550	30,652
Packard	*8,254	30,000
Pennsylvania R. R.	154,008	196,119
Public Service Corp.	17,400	23,441
Sears-Roebuck	†17,781	22,987
Standard Oil of Indiana..............	56,000	81,000
Standard Oil of New Jersey...........	62,120	92,758
Standard Oil of New York.............	53,127	55,804
Texas Corp.	50,500	66,000
Union Carbide	13,954	28,730
U. S. Steel..........................	100,784	117,956
Woolworth	†17,781	22,987

† October 1, 1929. * October 31, 1928.

Increases During Panic

It is significant to note that a large growth in the number of corporate stockholders took place during a period of some seven weeks of declining quotations—the theoretical shake-out period. However, the accumulation of stocks for investment, prior to this decline and after the decline, is also significant. A compilation has recently been made of the number of shareholders of some of the same corporations and other similar concerns at the early part of 1929 compared with the early part of 1930. Among seventeen of the leading industrial corporations, stockholders increased from 1,032,000 to 1,421,000—a gain of about 38 per cent. Six prominent public utility companies showed a gain in the number of their stockholders of 117 per cent during the same period. Railroad companies and banks made impressive gains but smaller percentages. For the four groups, however, the number of stockholders increased from 1,939,000 to 2,901,000—a gain of almost 50 per cent.

It is all the more significant that this period covers not only one of the broadest bull markets ever known but also the worst panic in the history of the stock exchange. And the small stockholder has not passed out of the picture as was so freely predicted by those who previously viewed the growing stockholders' lists with cynical eyes. If anything, these statistics indicate that the small investor has increased his field of participation and influence during the 1929 debacle.

Sustained Interest?

Earlier in this article we raised an important question. How long will the interest of the small investor be sustained in common stock ownership, we asked. And we have seen how badly the answer of the pessimist fits the recent facts of the case. What does the other side have to say?

There is an equally sophisticated and practical faction in Wall Street that predicts the small investors of the country will be owners and buyers of good common stocks for investment as far in the future as one is able to see the dominance of the stock corporation in our industrial life. Increasing numbers of stockholders mean to this faction, growth of public investment in stocks—not speculation, except for the sporadic bursts of enthusiasm during phases of rapid advance in values. This growing army of men and women of moderate means who buy stocks for investment, is conceded by this group to be a permanent fixture of the modern security markets. With the "strong holders" of stocks, they will share in the glories of a rising market and sit tight through periods of recession—but, and this is the important thing, they are immune from the periodic "shake-outs" that characterized the fate of the small investor in previous market cycles.

(Please turn to page 972)

Natural Gas—Rising Investment Factor in Utilities and Oils

Tremendous Potentialities of Natural Gas Industry — Significance of the Trend Toward Consolidations to the Investor

By M. David Gould

THE natural gas industry has become first page financial news. Whether it be the announcement of a quarter-billion consolidation, or the opening of a new pipe-line running hundreds of miles and serving hundreds of thousands, or the publication of volume and earnings figures showing a rate of growth recorded by few younger industries, natural gas has been finding its way into print and into the attention of the investing public just as the electric power and light industry began to do a few years ago.

Laying pipe line through Long Canyon, N. M.

Courtesy, Standard Oil of N. J.

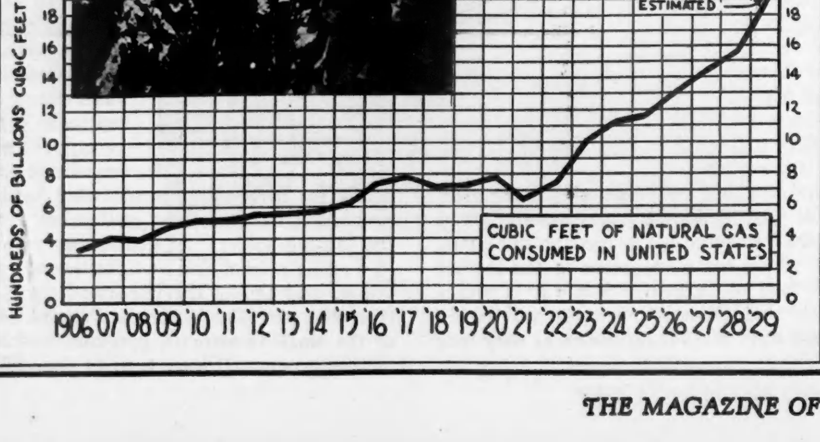
Recent Rapid Growth

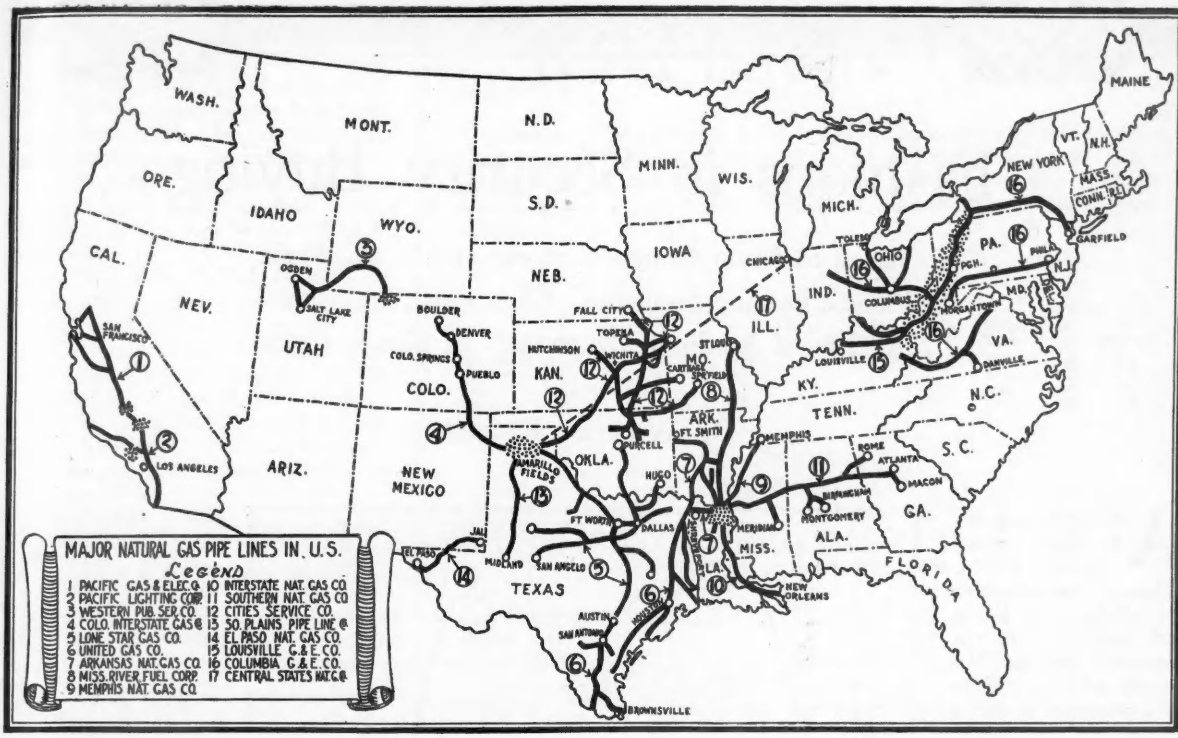
Not that the industry is a newcomer to this country. As early as 1824, natural gas was being piped commercially in Western New York State. Following an early career of spendthrift prodigality with one of Nature's greatest resources, growth settled down to a steady pace which, however, has been greatly accelerated in recent years. Already producing three times the volume of the manufactured gas industry, last year the natural gas industry showed an increase in production of 20 per cent, comparing with an increase of 8 per cent in manufactured gas, a highly significant and revealing contrast.

On the financial side, as late as 1924, natural gas financing was negligible. In 1925, a timid beginning was made with about $5,000,000 worth of natural gas issues; the following year, the amount leaped to $45,000,000; the next year, it nearly doubled, to $86,000,000, and the 1928 figures were probably at least as large. It was clear that investment bankers had begun to regard this as a satisfactory field for investment.

At the same time, various misconceptions and alleged handicaps under which the industry had labored for years were being cleared away by the progress of science and engineering knowledge. Many investors had been deterred by the fear that known natural gas resources might give out suddenly, like an ore vein or an oil well invaded by salt water. The fact is that the great city of Pittsburgh, with its enormous domestic and industrial requirements, has been supplied with natural gas for the past sixty years, and such cities of the first magnitude as Louisville, Buffalo, Cincinnati, Cleveland, Springfield, Columbus and Dallas have been dependent on natural gas for many years.

There are at least four methods known to gas engineers whereby the available gas content of a field can be estimated with reasonable accuracy, and these methods are employed to check each other. These estimates have been relied on in the investment of millions of dollars in pipe lines to bring natural gas to Atlanta, St. Louis, Denver, Salt Lake City, Ogden, San Francisco,





Kansas City, Memphis, New Orleans and many other points formerly considered outside of natural gas territory. The last-named lines and others totalling 3,540 miles have all been begun or completed within the past two years. In addition a project sponsored by the Cities Service Co. has been under way to bring natural gas from Texas to Chicago, a distance of 950 miles, and looking a little further ahead, observers see the time coming shortly when New York, Philadelphia, and the manufacturing districts of New England will be supplied with natural gas.

This disposes of the other bogey of the natural gas investor: where will the industry find markets to take its huge potential output, even if its life is assured for many years to come? There are three major areas in the United States in which natural gas is produced in great quantities: the Appalachian fields, including Pennsylvania, West Virginia and Ohio; the Southwest, including Louisiana, Texas, Oklahoma, Kansas and Arkansas; and the Pacific coast, notably southern California. Of these only the first is near large consuming areas.

The progress of the natural gas industry, it was felt, would therefore have to be limited to the development of the regions adjoining the natural gas fields, which are in general the same as the oil-producing areas. In recent years, however, steel pipe has been developed which is capable of standing up under high gas pressures, running up to three and six hundred pounds per square inch. Long-distance transmission then became a possibility, and to the credit of the industry be it said, was quickly converted into an actuality, as shown by the list of new cities opened up to natural gas supply mentioned above. All this is in addition to the rapid development of natural gas supply to smaller towns; in the Southwest alone, approximately a hundred new towns received natural gas for the first time last year.

Long Distance Transmission

As a result, it has been estimated that over three-fourths of the area of the United States natural gas occupies a dominating position as a fuel. In six states the only form of gas used is natural gas, and in five more it constitutes over 90 per cent of all gas used. These eleven states include Texas and Ohio. In California, over 80 per cent of all gas used is natural, and in the great manufacturing state of Pennsylvania some 60 per cent of all gas produced is natural gas.

Now that the new strong pipe-line, capable of covering hitherto unprecedented distances, has proven its worth, it would be a rash man who would prophesy that any territory, even if as far away from the gas fields as New England or the Pacific Northwest, would never enjoy the benefits of natural gas. These benefits are simple and specific: in addition to the merits which it shares with manufactured gas, such as cleanliness, ease of regulation, saving of storage space and labor, safety, etc., it usually has twice the heating power of artificial gas (often running well over 1,000 British thermal units to the thousand cubic feet, against the 540 B. T. U.'s which are a common legal requirement for manufactured gas), and it customarily sells for domestic use at around 65 to 75 cents a thousand cubic feet, against $1.00 to $1.50 for the

(*Please turn to page 970*)

Representative Companies Through which the Investor Can Participate in the Growth of Natural Gas.

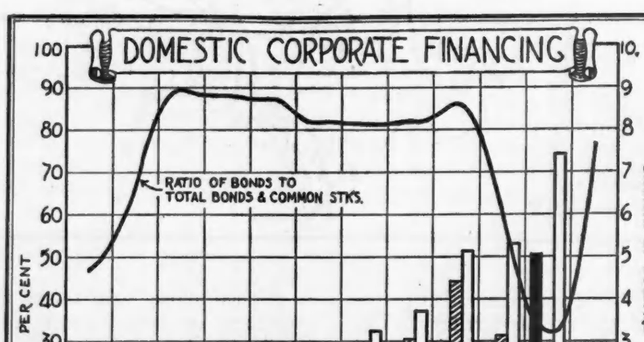
Standard Oil of New Jersey	**Cities Service**
Columbian Carbon	**Pacific Gas and Electric**
Columbia Gas and Electric	**Pacific Lighting**
Phillips Petroleum	**United Gas Improvement**
United Carbon	**Lone Star Gas**
Electric Power and Light	**Standard Gas and Electric**

Fashions in Security Buying

When to Favor Common Stocks and When Fixed Income Bearing Securities—Choice of Appropriate Investment Medium Dependent on Credit Cycle

By William Knodel

An old saying has it that history repeats itself. This applies not alone to events in the political world but in the economic and financial world as well. There is a sequence of events which in the fundamental sense recurs usually with but minor variations, so much so in fact that the whole phenomenon has been termed a cycle by economists. Neither economic nor financial cycles, however, are strictly comparable to a life-cycle let us say in the biologic world, because these latter are very definite and always arrive at the same point on completion as all the previous cycles, while the former are characterized by puzzling variations and on completion may be at a higher or a lower level than when the cycle began. Nevertheless, there is a very noticable periodicity the recognition of which will serve as a great aid in formulating investment policy.



Two tendencies are noticeable. First, a steady upward trend in common stock financing in recent years indicating the increasing popularity of this type of investment; Second, periods of excessive common stock financing in 1929 and 1919 indicating the end of bull market and a period of readjustment.

Occurrence of Credit Cycle

Indeed, back in 1924, the well known British economist, J. Maynard Keynes, economic adviser to former Premier Lloyd George, organized a company to put to practical use the relation of cyclical movements to speculative operations. The principles upon which this company intended to act were set forth as follows: "It is now known that fluctuations in the relative values of long dated and short dated fixed interest securities and also of fixed interest securities generally and of ordinary shares are all affected by a periodic credit cycle. Changes in the short period rate of interest affect the value of long dated securities to a greater degree than should strictly be the case, with the result that considerable profits can be made by changing from one class to another at the appropriate phases of the credit cycle. Similar periodic changes also take place in the relative values of money, on the one hand, and of goods and real property on the other. So that here also the same principle of changing from one class to another (bonds to common stock and vice versa) at appropriate times can be applied. The company intends to move from one category of investment to another when it is deemed opportune, but not to adventure the funds of the company upon investments which would not be considered suitable for a prudently managed investment company."

Much has been said and written in recent years about the superiority of common stocks over bonds and fixed income bearing securities as investment mediums. The so-called new school of investment thought subscribes to the theory with no reservations whatsoever. Opposed to these are the ultra-conservatives with whom the tradition still persists that prime investments are strictly confined to the purchase of bonds. The truth of the matter probably lies between these two extreme viewpoints; in other words, a balanced investment list contains both types of securities, in a ratio depending on the individual investor, and changing from time to time to conform with conditions in the financial markets.

Investors Rush to Common Stocks

Psychology plays such a large part in the public's activities in the securities markets as to obscure at times the underlying trend. The more speculative element of the public particularly is prone to carry things to excess with consequent bad after-effect. To get the most out of an investment policy it is

obvious that logic must be combined with a knowledge of the psychological factors which are present in the market.

Last year for instance the creed of common stock buying had gained such favor that it appeared that bonds and other fixed income bearing securities, unless containing a conversion feature or accompanied by warrants to buy common stock of the company, were definitely headed for the scrap heap as instruments of finance. Buying "income" was subordinated to the new fashion of buying "future earning power" or to express it another way buying "appreciation possibilities." Indeed, the more the public's appetite was whetted by stocks, the wisdom of whose purchase was daily being confirmed during the bull market by steadily mounting prices, the more bonds fell into disfavor.

Experienced observers, however, would have recognized this as the last phase of a bull market. As an illustration, the accompanying chart is valuable because it shows the fashion of the public's security buying. Beginning in 1928 and lasting up until the market crash in October, 1929, common stocks became increasingly popular with the result that corporations not only provided most of their new funds through this means but refunded their maturing bond issues or called bond issues which were not yet due and refunded these with the proceeds of common stock financing. It is no doubt true that high money rates in 1929 made bond financing difficult from the viewpoint of the issuing corporation, and rather than be saddled with high interest charges for years into the future, it was not only more expedient but decidedly advantageous to meet capital requirements from the sale of common stock at the high prices then prevailing.

Domestic corporations in 1929 raised a total of $4,417,144,340 of new capital through the flotation of common stocks as against only $1,873,464,340 through long term bonds and notes and $204,712,650 through short term obligations. In other words, domestic corporations last year raised 112 per cent more through the issuance of common stocks than from all classes of bonds and notes. New capital through preferred issues amounted to $1,516,742,661 making total new capital through fixed income bearing securities of $3,594,919,651, which still gives a margin of 23 per cent more new capital from common stock flotations. These figures, moreover, only in part reflect the popularity achieved by equity securities over fixed income securities because many of the latter either were convertible into common stock or had warrants attached to buy common stock.

(Please turn t: ~age 982)

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Panama 5½s, 1953....................(a)	....	...	102½GT	101	5.4	5.4
Norway 40-yr. ext. 5½s, '65............	....	...	100F	101	5.4	5.4
Dominican 5½s, 1942 ....(a)	....	...	101G	96	5.7	6.1
Haiti 6s, 1952 ....(b)	....	...	100	94	6.3	6.4

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955..	267.4	5.51	110	92	4.3	4.5
Illinois Central 4¾s, 1966...............	....	1.75	102½GT	100	4.7	4.7
Pennsylvania 5s, 1964	....	3.25	102T	104	4.8	4.7
Central Pacific Guar. 5s, 1960.........(a)	....	2.25	105GT	104	4.8	4.7
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	119	5.0	4.7
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.28	105A	100	5.0	5.0
Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d)	....	X	102½T	88	4.9	5.0
N. Y. Chic. & St. L. Ref. 5½s, 1974 (a)	59.6	2.12	105	107	5.1	5.1
Central of Georgia Ref. 5½s, 1959......	31.1	1.56	105AG	105	5.2	5.1
Western Pacific 1st 5s, 1946.........(b)	....	1.27	100	98	5.0	5.1
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	1.50	105	104	5.2	5.2
Wabash Ref. & Gen. 5½s, 1975......(a)	62.4	1.75	105AG	105	5.2	5.2
Nor'n Pacific Ref. & Impr. 6s, 2047.(a)	166.7	2.43	110G	114	5.2	5.2
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 ....(b)	13.9	X	107½T	108	5.5	5.4
Balt. & Ohio Ref. & Gen. 6s, 1995..(a)	284.2	2.05	107½AG	110	5.4	5.4
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.59	....	90	4.4	5.4
Great Northern Gen. A 7s, 1936......(b)	130.8	2.36	....	112	6.2	6.4
Cuba R. R. 1st 5s, 1952..................	....	2.73	....	80	6.2	6.6

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Pacific Gas & Elec. Gen. Ref. 5s, 1942.	34.36	1.92	105T	102	4.9	4.8
Montana Power Deb. 5s, 1962.......(a)	3.47	2.67	105T	101	4.9	4.9
Columbia Gas & Elec. Deb. 5s, 1952....	....	5.15	105T	101	4.9	4.9
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	100	5.0	5.0
Consol. Gas of N. Y. Deb. 5½s, 1945.(a)	....	5.40	106T	106	5.2	5.0
Utah Power & Light 1st 5s, 1944.......	....	2.90	105	100	5.0	5.0
Detroit Edison 1st & Ref. 6s, 1940..(b)	14.0	3.27	107½T	107	5.6	5.1
Hudson & Manh'n 1st Ref. 5s, 1957.(b)	5.9	2.63	105	98	5.1	5.1
Postal Tel. & Cable Co. Tr. 5s, 1953...	0.6	1.99	105	95	5.2	5.3
Amer. W. Wks. & El. Deb. 6s, 1975.(a)	12.7	1.43	110	107	5.5	5.5
Seattle Electric—Seattle Everett 1st 5s, 1939 ....(d)	....	2.01	105	93	5.2	5.7
Northern Ohio Tr. & Lt. Genl. & Ref. 6s, 1947 "A"......................(a)	8.4	2.20	110	101	5.9	5.9
Phil. Rap. Trans. 6s, 1962..........(c)	10.0	1.31	105	88	6.8	6.9

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Youngstown Sh. & Tube 1st 5s, 1978.(a)	....	3.74	105T	102	4.8	4.8
Gulf Oil Deb. 5s, 1947...............(c)	....	4.59	104AT	102	4.9	4.8
Allis Chalmers Deb. 5s, 1937.........(a)	....	4.61	108T	101	4.9	4.8
International Match Deb. 5s, 1947...(a)	....	57.03	109T	99	5.0	5.0
Amer. Cyanamid Deb. 5s, 1942.........	....	9.52	100	99	5.0	5.1
National Dairy Prod. Deb. 5¼s, '48.(a)	3.10	6.99	103½	98	5.2	5.3
Chile Copper Deb. 5s, 1947..........(a)	....	5.69	102T	97	5.1	5.3
Sinclair Pipe Line 5s, 1942..........(a)	....	3.68	103	97	5.1	5.3
B. F. Goodrich 1st 6½s, 1947.......(a)	....	2.61	107A	107	6.0	5.3
U. S. Rubber 1st & Ref. 5s, 1947...(b)	2.6	1.70	105A	87	5.7	6.2

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Humble Oil & Ref. Deb. 5½s, '32..(b)	....	8.05	102½A	102⅛	5.4	4.6
Amer. Cotton Oil 5s, May 1, 1931......	....	19.32	105	100¼	5.0	4.6
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931...................(a)	17.3	2.12	102	101¼	5.9	4.8

Convertible Bonds

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Atch., Top. & S. F. Deb. 5½s, '48..	Com.@166.6	5.51	103	135¾	3.3	..
Inter'l Tel. & Tel. Deb. 4½s, '39..	Com.@66⅔	6.02	102½	116¾	3.8	..
N. Y., N. H. & Hart. 6s, '48......	Com.@100	1.09	....	130⅞	4.6	..
Chesapeake Corp. Col. Tr. 5s, '47..	C&O@196	2.45	100	100¼	5.0	5.0
Amer. Inter'l Corp. Deb. 5½s, '49..	Com.@80	2.34	105	100	5.5	5.5

All Bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter. F—Not callable until June 1, 1935.

RAILROADS

ROCK ISLAND

A Railroad Investment at Bargain Levels

Conservatively Priced—Attractive Yield — Prospects of Appreciation

By Edwin A. Barnes

FROM a road which was disparagingly referred to as "two streaks of rust" back in 1915, the Chicago, Rock Island & Pacific Railroad, familiarly known as the Rock Island, has in recent years emerged as one of the most virile and efficiently operated properties in the West. The management may well be proud of their achievements, which have not only brought the road to its present state of prominence and importance, but which have also been highly gratifying and remunerative to stockholders.

Since 1923 net income has more than tripled and in 1929 established a new high record for the road. Operating ratio, the statistical yardstick by which the progress of railroad efficiency is measured, has declined steadily, indicating closer control of expenses. At the same time, the maintenance of property and equipment has been by no means neglected, for during the last ten years aggregate expenditures for improvements and additional equipment have exceeded $100,000,000. With Rock Island destined to be a salient figure in Western merger developments, or as an independent property able to earn a $7 dividend on its common stock twice over, it is immediately evident that the investor in equity issues is offered a combination of interesting features, not the least of which is the fact that the current market value of the shares is less than nine times 1929 per share earnings.

Pioneer Road

The Rock Island early achieved distinction, having completed in 1851, the first line from the Great Lakes to the Mississippi. The advent of the Civil War interrupted plans to extend the road westward to the Missouri River and it was not until 1869 that this aim was finally accomplished, with the completion of an extension to Council Bluffs, Iowa, where connection was made with the Union Pacific. Several years later another important branch was completed from Rock Island southwest to Kansas City. Then in 1880 the present company was organized.

During most of this development period the destinies of the road were largely in the hands of its president, R. R. Cable, a highly capable and foresighted railroad executive to whom no little credit is due for the creation of a strategically located and purposeful system. However, with the passing of control in 1901 to the Reid-Moore-Leeds group, Rock Island began to experience a series of difficulties arising from a pretentious expansion program which finally culminated in receivership in April, 1915.

The chief problems confronting the receivers were a dire need of working capital and a readjustment of the road's capital structure. While conditions in this country at that time were making hard sledding for the railroads, Rock Island, from the standpoint of earning power was holding its own—a tribute to its founders—and this aided materially in simplifying matters for the receivers.

Consequently, the receivership was short lived and in June, 1917, the reorganization was completed. Nearly 36 million dollars in cash was raised by assessing old stockholders 40% of their holdings, compensating them by the issuance of new 7% preferred stock to the extent of the assessment. Former directors subscribed to a 5 million dollar issue of new 6% preferred stock and the 20 million dollar issue of defaulted bonds received 6% preferred stock on an equal exchange basis. This marked the beginning of a new era for Rock Island and the return to its former high state as an efficient and profitable carrier.

Today the Rock Island system, comprising total trackage exceeding 8,000 miles, serves fourteen Middle Western

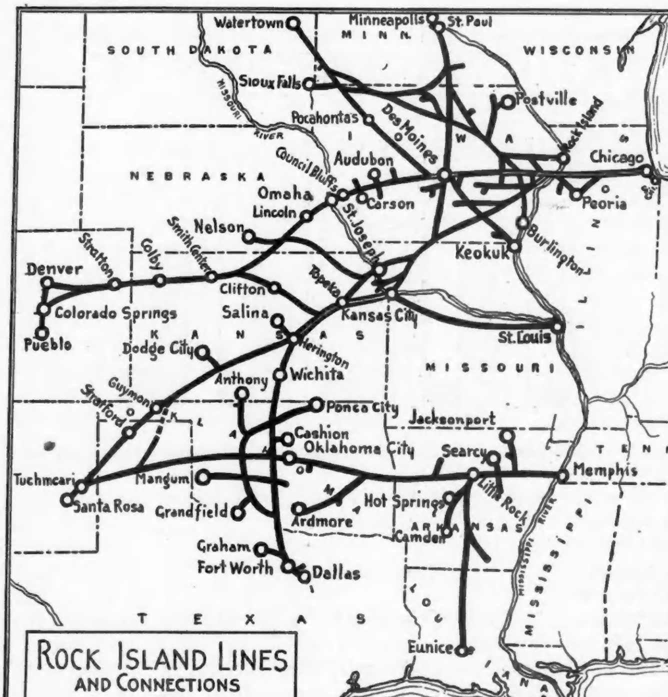
states. Graphically, an outline of this mileage roughly resembles the letter W lying on its side and opening eastward. Beginning at Chicago, the main line extends westward to Denver and Colorado Springs, with branches to Minneapolis and St. Paul, Minnesota, and to Watertown and Sioux Falls, South Dakota. The completing line in the first loop of our letter W begins at Belleville, Kansas, and extends eastward through Topeka and Kansas City across Missouri to St. Louis. The second loop reverts from Topeka south to a point west of Oklahoma City, then proceeding almost directly east to Memphis. The second loop also has its important branches; one extends southwest from Herrington, Kansas, through the northwestern section of Oklahoma and Texas, connecting with the Southern Pacific at Santa Rosa, New Mexico; another extends south to Dallas where connection is made with the Trinity & Brazos Valley R. R. jointly owned by Rock Island and the Colorado & Southern, and which affords an outlet for Rock Island to the Gulf of Mexico at Galveston and Houston; and still another branch extends south from Little Rock into Louisiana. A number of other branches in Oklahoma, tapping some of the most prolific oil fields, further augment the system and have contributed substantially to the total volume of traffic in recent years.

A rather definite measure of Rock Island's importance is the fact that it serves more important central western cities than any other road, and despite the fact that portions of its main line are keenly competitive, it is able to offer some of the shortest routes between strategic shipping points. These include the routes between Chicago and Des Moines; Chicago and El Paso; Kansas City and Denver; Kansas City and the Twin Cities, and St. Louis and Kansas City and El Paso.

With over half of its total mileage located in Iowa, Kansas and Oklahoma, it is not surprising that Rock Island moves a large volume of agricultural traffic and is popularly identified as a granger road. Yet the character of freight tonnage is decidedly more varied than this classification might suggest.

Increasing Diversification in Traffic

During the past ten years, traffic has displayed increasing diversification and the gain shown in the volume of freight classed as products of mines and manufactures and miscellaneous has been particularly notable. Thus, in 1928 products of agriculture comprised 22.91% of the total freight traffic, products of animals 4.72%, products of mines 33.83%, products of forests 5.48% and manufactures and miscellaneous 33.06%. In locating the system in territories producing a variety of products and rich in natural resources, the builders of Rock Island created a natural link with the Lake Michigan industrial area centering at Chicago, enabling the road to develop a condition of freight traffic diversification which tends to introduce a desirable factor of stability into earning power.



The increase in the volume of freight tonnage moved over the Rock Island has been particularly pronounced in late years. For instance, total freight tonnage in 1921, which amounted to 25,924,576, has gained consistently in the interim and in 1928 totaled 35,448,631 tons. During the same period the length of the average haul increased from 242.46 miles to 258.92 miles and freight density (the number of tons of freight carried a mile per mile of road operated) increased from 844,263 to 1,135,621 tons, a gain of 34½%. Nearly 70% of the total traffic is now originated along the lines of the road. An analysis of these gains reveals them to be largely attributable to increased manufacturing activities and the expansion of the oil industry, and the future possibilities of both of these sources of freight revenue are excellent as is also the prospect of further intensive development of the important urban centers served by the road. Moreover, this larger movement of freight has been handled without any increase in the total track mileage and although large expenditures have been made for new equipment, the number of locomotives and freight cars in service today is actually less than ten years ago, a condition resulting from the retirement of obsolete rolling stock.

Impressive as the growth in traffic has been, increased operating efficiency has held to the pace, playing an equally important part in swelling the profits of the road. The ratio of operating expenses to operating revenues has fallen steadily, the figure of 73.5% for 1929 comparing with 80.51 for 1923, reflecting specifically such factors as increased freight car capacity, greater locomotive tractive power, longer average trains, improved road beds and a general toning-up of property, equipment and shop facilities.

Rock Island is moderately capitalized, the total outstanding bonds, preferred and common stock amounting to only $50,000 per mile as contrasted with the general average for all Western roads of about $70,000. Even accepting the extremely conservative accounting methods of the I. C. C. the capitalization shows a wholly satisfactory relation to property values and affords a substantial equity for the common stock. On the other hand, the capital structure is somewhat topheavy. Funded debt which amounts to $279,320,640 is more than twice the total amount of stock outstanding which includes $29,422,189 7% preferred stock, $25,127,300 6% preferred stock and $74,359,723 common stock.

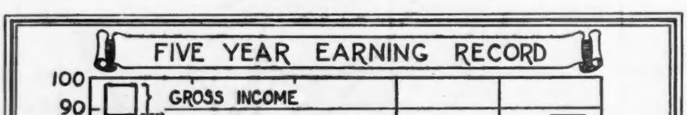
(Please turn to page 958)

AMERICAN POWER & LIGHT

Three Factors Contribute to Present Strength and Future Promise

Assimilation of Large Properties Also Beginning to Show in Operating Results

By FRANCIS C. FULLERTON



THE development of the public utility holding company in the United States is typically exemplified in the growth of the American Power & Light Co. From a comparatively small beginning in 1909, when the company was incorporated, it has extended its activities in diversified territories until it now occupies a prominent position in the front rank of successful holding companies in the public utility field. Guided in its policies by probably one of the foremost management organizations, the Electric Bond & Share Co., under whose direct supervision both the parent company and the subsidiary properties are, and which moreover is reported to own about 24% of the common stock, American Power & Light Co. has developed along exceptionally sound lines, possessing balance both physically and financially.

The year 1928 was one of the most important in the company's history when control of the Montana Power Co. and the Washington Water Power Co. were acquired, making the company a $600,000,000 utility system. The economic justification of these acquisitions was demonstrated a year later, in 1929, specifically by increased earnings on the common shares but the full benefits will accrue only after several years of consolidated operations in the system and the thorough assimilation of these large properties.

Three Advantages

Three of the system's most favorable characteristics which make the common stock an attractive investment holding are the wide geographical distribution of its operating properties, the diversity in consumer demand, and the concentration of its business in the electric power and light department, which is the most profitable as well as the one showing the most steady increases over a long period of years.

Operations are carried on in twelve different states all located, with the exception of Florida, west of the Mississippi River, including Arizona, Idaho, Iowa, Kansas, Minnesota, Montana, Nebraska, Oregon, Texas, Washington and Wisconsin. In this territory miscellaneous utility services at the end of 1928 were supplied to 1,001 communities with an estimated population of 3,345,000. Among the chief cities served are Duluth, Superior, Omaha, Council Bluffs, Wichita, Fort Worth, Phoenix, Miami, Portland (Oregon), Spokane, and Butte. In general, this territory has shown a favorable increase in population and business development, and holds considerable promise for continued growth and prosperity. In Florida, unusual conditions for a time hampered operations principally due to the fact that in this territory the system had built up its facilities of service to a point greatly beyond the immediate requirements, in anticipation of a rapid development which is only more slowly being realized. These circumstances are being overcome and good progress is being made under the business conditions now prevailing.

The company is now chiefly an electric power and light system, gross earnings from this source comprising approximately 82% of the total in 1928, the most recent period for which this information is available. The company in recent years has sold many of its gas properties, but revenues from this source still contribute 10% of the total, while transportation accounts for 3%, and miscellaneous services such as

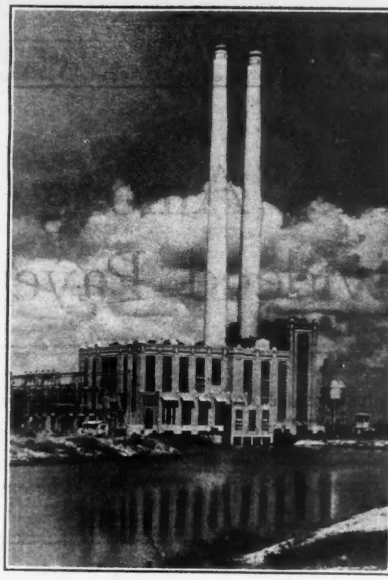
ice, water, etc., account for the balance.

The acquisition of the Washington Water Power Co. and Montana Power Co. has placed American Power & Light in a dominant position in the Northwest. Through inter-connections the low cost hydro-electric current generated by these properties can be more efficiently distributed with consequent savings in operating expenses. The preponderance of industrial business of the two formerly independent companies resulted in a low return in gross revenues per kilowatt hour of output, so that consolidation with the other properties of the system in this and adjacent territory will permit an advantageous diversification with domestic type of service which carries higher rates.

Common Stock Position Enhanced

The method of acquiring these two important properties was of special significance to the common stockholders because it involved the issuance only of securities with a limited income return. Although this procedure increased the fixed payments ahead of the common stock, the latter on the other hand stood to benefit by the materially enhanced gross revenues with no corresponding dilution in its per share equity, which is immensely important in the case of an enterprise wherein the probabilities are all in favor of a continued upward trend in earnings. Theoretically this will manifest itself as soon as the earnings have caught up with the additional preferred requirements, a certain proportion of which is in the nature of a premium on the basis of the original acquisition. The chief consideration is that there is proportionately a greater equity by virtue of a much increased gross to contribute to the earnings on the outstanding shares to which it is applicable.

The effect of the acquisition of large hydro-electric properties is reflected in an appreciable lowering of the operating ratio. In 1927, for instance, the ratio of operating expenses (including taxes) to the gross earnings was 54½% but in 1928 which includes operations



Trinidad Steam Electric Station of Texas Power & Light Co., an American Power & Light subsidiary

of the acquired hydro companies for part of the year this ratio was reduced to 52% and for the twelve months period ended September 30th, 1929, which includes a full year's operation of these properties, the ratio was only 49%. Part of the reduction in the operating ratio, however, was no doubt due to the increasing efficiency and the operating economies effected by the management. Offsetting the low operating cost of hydro-electric current is the initially higher cost of installation and equipment necessitating a larger amount of fixed charges.

Steady Improvement in Earnings

Actually, earnings for the most recent period reported on, that is for the twelve months ended September 30th, 1929, were $87,636,155 gross, $44,708,643 net after operating expenses and taxes, to which must be added other income of $4,548,783 giving total net income of $49,257,426. Appropriations for renewals and replacements (depreciation) were $5,110,425 equivalent to 5.8% of the gross operating revenues, a fairly liberal allowance in public utility practice considering the nature of the properties held by the company. After subsidiary interest, preferred dividends, and minority charges there remained for the holding company $21,445,138 which compares with $15,657,459 the preceding twelve months' period. The greatly increased dividend requirements on the outstanding preferred stock narrowed this margin for the common stock, the balance available for the respective periods being $11,293,116 against $9,104,854, equivalent to $5 per share on 2,256,459 no-par shares, and $4.64 a share on 1,960,184 shares the year before.

The capitalization of American Power & Light Co. is relatively simple consisting of $45,810,300 Gold Debenture Bonds 6% Series due in 2016 and two issues of cumulative preferred stocks, namely 792,690 no-par $6 preferred and 978,328 shares of $5 Series "A" preferred, in addition to the common stock. The 6% Debentures yielding about 5.6% at current prices, and the $6 preferred and the stamped $5 preferred both yielding around 5.75%, are strongly intrenched with respect to earnings and are attractive as vehicles for income only.

The common stock represents an attractive opportunity to share in the future growth of the system in a territory which holds considerable promise, and under the guidance of an unexcelled management. The present dividend rate which has been maintained for four years is $1 in cash and 1/25th of a share in stock. Extra stock dividends have been paid from time to time, the two latest having been 10% paid December 1st, 1928 and 1929, respectively. The stock is currently selling for about 115, equivalent to approximately 23 times the earnings, a fairly conservative ratio in comparison with most other utility common stocks. From a yield standpoint also the stock is attractive, giving a return of almost 5% if the regular stock dividends are sold in the market and proceeds added to the cash dividends received.

Operating Statistics—American Power & Light Co.

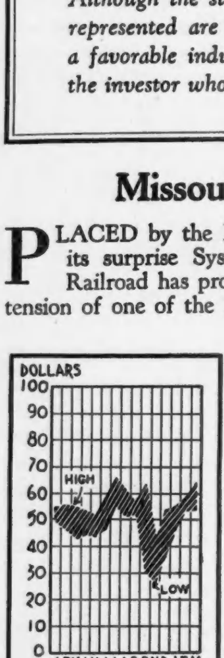
	1925	1926	1927	1928
Kilowatt Hours Output (incl. power purchased)—M	1,656,754	1,948,992	2,132,357	4,729,813
Gas Send Out—M cu. ft.	10,475,567	7,889,138	8,045,764	7,039,473
Electric Customers	451,442	513,935	545,981	679,886
Gas Customers	163,822	168,977	172,360	127,714
Population Served	2,670,000	2,925,000	3,062,000	3,345,000
Number of Communities Served	536	659	790	1,001

Opportunities Among the Non-Dividend Payers

Although the stocks selected in this feature are not now on a regular dividend basis, all of the companies represented are believed to be in a sound financial position with a well established earning trend and face a favorable industrial outlook. These and other considerations should be reflected in advancing prices and the investor who diversifies his commitment among these issues should be amply rewarded in a reasonable time.

Missouri-Kansas-Texas

PLACED by the Interstate Commerce Commission in its surprise System 14, the Missouri-Kansas-Texas Railroad has prospects of becoming the southern extension of one of the 19 great trunk line divisions headed by the rich Burlington road and including Colorado & Southern. Two previous attempts by L. F. Loree to tie in "Katy" with the "Cotton Belt" (St. Louis-Southwestern) and Kansas City Southern were frowned upon by the Commission which has since allotted the last to Union Pacific and "Cotton Belt" to the Illinois Central.



Loree's release of his "Katy" stock, however, switched control into the hands of the Van Sweringens through their Allegheny Corp., so that the actual merging is likely to require Burlington to pay rather handsomely; and possibly that is what the Cleveland brothers had in prospect. However, "Katy" is worth a good price to the Chicago, Burlington & Quincy.

The operating efficiency of the road has shown quite marked improvement, especially as reflected in net income. While about 40% of the car haulage is empty, the average revenue trainload, length of haul and freight traffic density have steadily gained, so that the operating ratio has been reduced from 77% in 1923 to less than 69% in 1928.

A total of about 3,190 miles are operated through Missouri, Kansas, Oklahoma and Texas, connecting St. Louis, Hannibal and Kansas City with Galveston, Dallas, Fort Worth, San Antonio and other important points. In the new system the road's three northern termini would tie in with the Burlington while contact in the Southwest would be made with the Fort Worth & Denver City road.

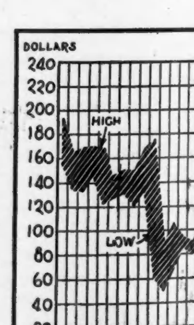
Average earnings since termination of Federal control have been in excess of 5.5 millions. The high record of 1928, when net income amounted to $7,496,263 or $4.61 a share on 808,495 shares of no par common, was topped by last year's showing. The preliminary report for 1929 shows net income of $8,526,240 after taxes and charges, equivalent after 7% preferred dividends of about $4,402,675, to $5.10 a share on 808,702 shares.

The latest available statement, that of 1928, shows more than $10,000,000 in cash and marketable securities. In June of last year the funded debt had been brought down to $111,487,746 whereas it stood at $165,450,000 in 1924. This reduction has been accomplished by exchanging for the preferred stock, now outstanding at $68,888,600.

The strong financial position of "Katy" fully justifies the payment of a cash dividend. The expected drop in traffic and earnings during the first quarter of this year logically acted as a deterrent but the anticipated recovery will likely have favorable influence in bringing about dividend action in the near future. Payment of a $3 or $4 dividend might be expected which, on an annual basis, would mean a yield of at least 5% and possibly more at the present price around 62. Taking into consideration the rapidly improving industrial, agricultural and general business conditions in the Southwest and the merger advantages, the stock presents an attractive speculative opportunity.

A. M. Byers Co.

THE manufacture of "Byers Pipe" runs back to late Civil War years: today the A. M. Byers Co. turns out half of the wrought iron pipe produced in the United States. Through its wholly-owned subsidiary, the Orient Coal & Coke Co., the company's own coal and coke requirements are met.



The hand puddling method of manufacturing wrought iron prevailed until last year, when the company adopted a new mechanical puddling process, known as the Aston, for which it holds the sole contract. The new method not only turns out a product that is non-corrosive and resistant to sulphur and other foreign substances but enables a saving of $5 a ton over the old system.

Very shortly the company expects to start operation of its new $10,000,000 plant at Ambridge, Pa., built exclusively for the new process. This plant embraces all stages of production to the rolling of the skelp or long strips from which the pipe is made, at one heating, thus eliminating the former reheating involved in dividing the steps between two mills.

The plant at Pittsburgh is being enlarged at a cost of about $1,000,000 to increase production from 9,000 to 12,00 tons a month. The Girard, Ohio, plant is being dismantled, the puddle, skelp and plate mills being operated only until the new Ambridge plant is ready.

There being no funded debt, the only obligation ahead of the 266,635 no par common shares is the 7% cumulative participating preferred stock of $100 par, of which 61,244 shares are outstanding. After the junior issue has received $7 in any year, the preferred participates share for share and has equal rights to stock dividends and subscription privileges.

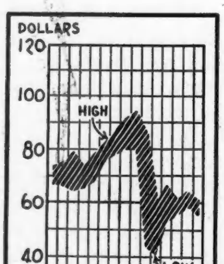
An upward trend of profits and a steady increase in surplus have been maintained for the past seven years, despite large experimental costs. The net income for the fiscal year ended September 30th, 1929, set a new record at $1,977,196, equal to $5.81 a share, comparing with $1,577,513, equal to $5.77 a share on the 199,340 shares outstanding at the end of the previous fiscal year. Total surplus last year amounted to $5,388,900. Current assets of $15,050,045 were more than seven times current liabilities and net working capital amounted to more than 13 millions.

Cutting the cost of wrought iron by the new method is expected to bring its products into wider use and closer competition with steel products. While the new Ambridge plant will help to increase profits this year, the full effect will not be reflected until the 1931 fiscal year.

No dividends have been paid on the no par common stock which had a high of 192⅞ last year and has recovered from the low of 50 last November to the recent price around 105. Prospective earning power points to appreciation in market value as well as the initiation of dividends.

Erie Railroad

TYING into one of the new eastern trunk systems planned by the Interstate Commerce Commission and having a reported possibility of becoming part of the first single-controlled transcontinental line give the Erie Railroad a new and interesting outlook. The most concrete factor in the road's present status, however, so far as the stockholder is concerned, is the achievement of the management in bringing it into dividend scope.



After a lapse of more than a score of years, the semi-annual payments on the 1st and 2nd preferred stocks, both non-cumulative and entitled to $4, were resumed last year with distribution of the full 4% rate.

The earnings gain has been notable in the last couple of years, following the change of management. Last year's showing set a new high net income of $11,677,709, comparing with the previous record for 1926 of $10,113,393. It was equal to $24.38 and $61.01 per share respectively on the 1st and 2nd preferred stocks and to $6.03 a share on the 1,511,167 shares of $100 per common stock outstanding at the end of 1929. It compares with net of $10,002,884 for 1928 and equal to $20.88, $50.54 and $4.93 respectively on the three issues.

The 1927 earnings of only $3,512,650, showing but $7.33, $9.98 and 63 cents per share respectively on the preferreds and common was due mainly to the severe depression in the coal trade. Anthracite and bituminous coal normally supply about 40% of the road's traffic. The company's coal properties as operated last December, however, were responsible for bolstering up the net income for that month to $395,397, while gross revenues were down more than a million dollars and net operating income off more than $630,000 from December, 1928.

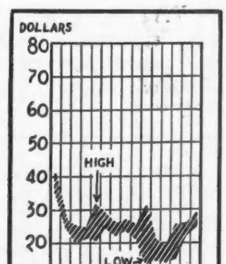
The company's anthracite properties, starting the first of this year, were placed under separate control, having been leased to the Pittston Co., formed purposely by the Erie to overcome a very material loss in coal sales due to the acquisition of coal distributing agencies in the New York area by other anthracite roads. Now, with the Erie's Pennsylvania Coal Co. and Hillside Coal & Iron Co. as a nucleus, and funds obtained from offering 1,075,100 shares of Pittston Co. stock at $20 per share to the Erie shareholders of all classes, the Pittston Co. is prepared to protect its markets. It has already acquired stock interests in ten distributing companies in the New York metropolitan area and in Boston. Returns to Erie under the new setup are expected to advance over the $3,000,000 or thereabouts garnered in the last two years, approaching possibly the $5,600,000 obtained in 1926.

The Erie system of 2,317 miles, extending from New York to Buffalo and Chicago, to Cincinnati, Louisville, St. Louis and Peoria, has been virtually rebuilt throughout by turning back its entire operating revenues for a number of years into property and equipment improvements. These outlays have been amply justified.

Erie's junior issue has thus a background of a number of commendable features, any one of which give it speculative attraction, although the strong expectation that it will also be put in the dividend class provided returns in the second quarter point to the maintenance of its earning power on a stable basis, furnishes the most satisfactory influence. The recent price around 60 does not fully discount these prospects.

P. Lorillard Co.

SIGNS of success are looming brighter for P. Lorillard Co. in its campaign to establish its "Old Gold" cigarette as one of the leading brands. The huge advertising expenditures by the three leading cigarette manufacturers already in the field, to maintain the popularity of the particular brand of each one, necessitated Lorillard spending millions likewise.



In the past four years of this campaign, during which competition has been increasingly keen, Lorillard's earnings have dropped sharply. Three years ago dividends on the common were sacrificed to add to advertising funds.

This year gives large promise of being the turning point. One of the advantages of the competitive advertising has been an aggregate increase in consumption. Production figures for last year reached a record of 119,038,841,560 cigarettes, an increase of more than 13.1 billions or nearly 12.4% over 1928. The first two months of this year are more than 450 millions ahead of the same period last year. Sale of the leading brands in the chain grocery and drug stores has also boosted their popular distribution.

The second major factor is the improvement in the price situation. The cut rate war that ended with all manufacturers putting the $6 rate up to $6.40 a thousand last fall, aided considerably in widening profit margins that had be-

come too narrow and which will probably be further expanded by another 40 cents advance in the very near future. The wholesale price after all discounts now gives the manufacturer 11.86 cents a package, but of that the government collects 6 cents tax.

The increased wholesale prices are not expected to affect the large gain in consumption that is promised for this year. Lorillard's officials report satisfactory gains for "Old Gold," and this year is expected to prove that it is an accepted leader. The new prices will certainly be reflected substantially in the 1930 net income, although the trend toward the Big Four brands has acted adversely on Lorillard's formerly large business in Turkish cigarettes.

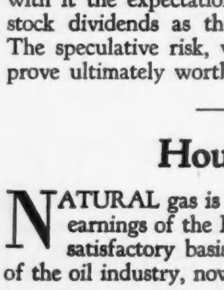
The expected gain in this year's profits will change the trend that has shown sharply declining net for the past four years, previous annual income having averaged better than $5,000,000 for a number of years. Last year's net income amounted to $1,336,655, equal after depreciation, interest, Federal taxes and preferred dividends, to 29 cents a share on 1,908,505 shares of $25 par common stock outstanding. The 1928 net was $1,817,428, equal to 75 cents a share on 1,361,745 shares. The 7% cumulative preferred stock is authorized and outstanding to the extent of $11,307,600.

The indebtedness totals $35,012,200. Sale of common stock to stockholders last summer brought about $10,000,000 to the treasury, enabling the liquidation of indebtedness incurred in the expansion of inventory and manufacturing facilities in 1928, and closing 1929 with the high working capital of nearly $71,000,000. The current assets of $72,391,187 held a ratio of more than 43 to 1 over current liabilities.

While the recent price, fractionally under 26, may be considered high enough in relation to the uncertain conditions that have heretofore been attached to the company's earning power, it is conceivable that sharp appreciation might occur as the result of greatly improved earnings. This possibility of expanding profits would also, of course, carry with it the expectation of a resumption of either cash or stock dividends as the earning power became stabilized. The speculative risk, while considerable, will undoubtedly prove ultimately worth while.

Houston Oil Co.

NATURAL gas is having much to do with holding the earnings of the Houston Oil Co. of Texas to a fairly satisfactory basis, considering the uncertain position of the oil industry, now in the midst of efforts to cut down the oversupply of crude and refined.



By extending contracts and by reason of the increasing volume of deliveries to gas distributing utilities, the company has protected its markets for more than 80% of its natural gas business over the next six years. The balance is likewise expected in due course to renew contracts.

The company's reserves have also been greatly increased through the discovery of new gas fields in the southern part of Texas, one of these being wholly owned by the company. It has been the company's policy, furthermore, to take its gas supply from fields tapped by other pipe lines, thus conserving its own resources. Important construction in the past year by its wholly owned subsidiary, the Houston Pipe Line Co., which serves Houston, Galveston and numerous other communities, has given access to large daily demands for its gas, including the Texas Gulf Sulphur Co.'s mines.

The company's natural gas properties embrace about 200 square miles with present potential supply around a billion cubic feet daily, while the reserves are held to be virtually unlimited.

With the natural gas business on a settled basis, more attention is to be given to the company's oil activities, which have resulted in losses due to low prices for the crude and its products. As the result of economies the company has been able to extend its marketing system and expand facilities at its Camden, Ark. refinery, and is now gathering new production from its Refugio area. Average daily production at latest reports had been increased substantially.

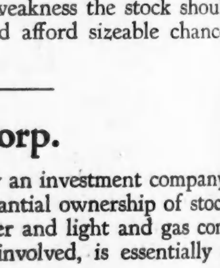
Earnings this year are expected to turn the trend upward. Consolidated net income for 1929 amounted to $1,731,469, equal to $4.78 a share on 249,686 shares of $100 par common stock, comparing with $1,812,517, equal to $5.11 a share on the same shares outstanding at the end of 1928 and with $2,429,300, equal to $7.58 a share for 1927. The last quarter of last year cut down the materially improved showing of the first nine months.

Current assets of nearly $4,430,000 were more than three times current liabilities, while net working capital was slightly above $3,000,000. Surplus stood close to $11,000,000. Funded debt amounted to $7,725,000. There are 89,475 shares of 6% cumulative $100 par preferred stock outstanding.

Houston Oil recently sold around 106 or more than double the low of 52¼ for this year. Last year's range was 109 high and 23 low. While the current price appears to have discounted any possible dividend action, the natural gas developments offer a rather wide source of speculative appeal. On any general market weakness the stock should be obtainable at prices that would afford sizeable chances of appreciation.

United Corp.

WHILE at present apparently an investment company, United Corp., by its substantial ownership of stock in individual electric power and light and gas concerns and the financial interests involved, is essentially a holding enterprise. Its present command of the power and light utility situation in the East gives it virtually the key position whence further alignments and mergers of huge scope may be engineered.



In its role, somewhat akin to an investment trust, it has large minority holdings in United Gas Improvement, Public Service of New Jersey, Niagara Hudson Power, Allied Power & Light and Commonwealth & Southern, besides nearly 13 millions in miscellaneous stocks, which included Electric Bond & Share, Lehigh Coal & Navigation and a French utility. The total cost of the securities held at the end of last year was nearly 305 millions. Their market value was then computed at slightly more than 314 millions. The market appreciation amounted to $9,153,130.

The control of the five principal companies in the group of holdings is believed, however, to concentrate in the financial sponsors of United Corp. Its largest stockholders are J. P. Morgan & Co., Drexel & Co. and their clients owning 569,103 common shares, Bonbright Electric Co. owning

178,650 shares, Electric Bond & Share Co. owning 249,415 shares and American Superpower Corp. with 892,598 shares acquired by transfer of its holdings in United Gas Improvement and Public Service of New Jersey.

The balance of control is more clearly defined when it is disclosed that the United Gas Improvement Co. owns enough additional shares of the Public Service Corp. of New Jersey to give it, with United Corp. more than 50% interest in Public Service of New Jersey. And United Gas Improvement is also a large stockholder in Niagara Hudson, while Allied Power & Light, of which United Corp. holds slightly in excess of 25% common, has substantial investments in the stocks of Commonwealth Power Corp., Penn-Ohio Edison and Northern Ohio Power Co.

Capitalization of United Corp. includes an authorization of 1,000,000 shares of 1st preferred stock of no par value that has never been issued, an authorized 5,000,000 shares of $3 cumulative preference stock of which 1,779,367 shares (no par) are outstanding and an authorized 24,000,000 shares of no par common stock of which 7,252,515 shares are outstanding. There are also outstanding 3,732,059 option warrants to purchase at any time that many shares of common at $27.50. There is no funded debt.

The first annual report of the corporation, from its incorporation on January 7th to December 31st, 1929, showed assets of $323,307,177 compared with the $150,000,000 announced when it was formed. Total income of $9,037,058, consisting of $7,764,640 dividends and interest from its investments, an amount substantially in excess of all expenses and taxes and all dividend requirements on the $3 preference stock, and $1,272,418 profit from underwritings and the purchase and sale of securities, was reported. After all charges, net income amounted to $8,296,729, equal to $4.64 a share on the preference stock and to 49 cents a share on the common. It was further pointed out that the income when computed at the current cash rates on the securities in the portfolio and assuming a 3% rate on cash (which totaled $18,390,229 on December 31st) and working balances, would show 80 cents a share for the common annually.

The total book value, according to the report, was $32.27 a share for the common after allowing for the no par preference stock at $50 a share. The market value of the portfolio securities fluctuates, of course, with the trend of their prices on the exchanges. In late September, before the break, there was an indicated profit on its holdings in excess of $205,000,000 or close to $30

(*Please turn to page* 960)

Preferred Stock Guide

NOTE: The following preferred stocks are listed solely in accordance with the current yield on each. The sequence of Guide, therefore, does not indicate a preference for one issue over any of the others. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	87	4.7
Union Pacific	4 (N)	41.17	39.85	46.32	No	85	4.8
Atchison, Top. & S. Fe	5 (N)	48.83	40.47	40.21	No	105	4.9
Baltimore & Ohio	4 (N)	48.41	38.44	49.44	No	82	5.0
Southern Railway	5 (N)	39.33	36.17	32.11	100	100	5.1
Pere Marquette Prior	5 (C)	68.77	64.08	75.60	100	99	5.1
Colorado & Southern 1st	4 (N)	52.56	57.76	49.45	No	75	5.3
N. Y., New Haven & Hart.	7 (C)	....	22.05	34.40	115	134	5.4
N. Y., Chicago & St. Louis	6 (C)	24.65	20.31	17.68	110	109	5.5
St. Louis Southwestern	5 (N)	12.00	9.30	8.34	No	90	5.6
Wabash "A"	5 (N)	11.36	6.87	9.24	110	87	5.9
Kansas City Southern	4 (N)	10.86	9.04	14.01	No	69	5.9
Colorado & Southern 2nd	4 (N)	48.50	53.76	45.46	No	70	6.1
**St. Louis, San Francisco	6 (N)	16.12	15.28	17.44	115	100	6.3
Missouri, Kans. & Tex.	7 (C)	....	13.06	16,34	110	106	6.6

Public Utilities

	Div. Rate $ per Share	1926	1927	1928	Redeemable	Recent Price	Yield %
Public Service of New Jersey	8 (C)	§21.46	§16.28	20.92	No	158	5.2
Columbia Gas & Electric "A"	6 (C)	27.81	25.42	30.78	110	109	5.6
Philadelphia Co.	3 (C)	24.20	28.06	21.75	No	54	5.7
American Water Works & El.	6 (C)	22.63	24.30	31.05	110	104	5.8
Standard Gas & Electric	4 (C)	20.00	16.76	14.07	No	66	6.2
Electric Power & Light	7 (C)	13.83	16.21	17.00	110	110	6.4
Federal Light & Traction	6 (C)	41.52	39.67	49.93	100	94	6.5
Hudson & Man. R. R. Conv.	5 (N)	40.32	40.70	37.02	No	79	6.7
Continental Gas & Elec. Prior	7 (C)	16.41	20.46	24.45	110	103	6.7
Postal Tel. & Cable	7 (N)	....	....	7.19	110	102	6.9
Amer. & Foreign Pow. 2nd.	7 (C)	8.89	3.58	5.83	105	97	7.1

Industrials

	Div. Rate $ per Share	1926	1927	1928	Redeemable	Recent Price	Yield %
Bethlehem Steel Corp.	7 (C)	20.84	16.32	19.16	No	134	5.4
Deere & Co.	7 (C)	23.22	25.74	29.52	No	123	5.6
Case (J. I.) Thresh. Mach.	7 (C)	29.39	38.43	32.59	No	130	5.6
Mathieson Alkali Works	7 (C)	67.86	74.06	84.50	No	122	5.8
Stand. Brands, Inc., Cum. A.	7	....	125.24*	123.40*	120	119	5.9
American Locomotive	7 (C)	20.88	16.60	10.83	No	112	6.0
Brown Shoe	7 (C)	29.69	44.12	85.27	120	115	6.1
General Cigar	7 (C)	51.26	67.32	62.31	No	118	6.1
Crucible Steel	7 (C)	26.19	22.47	22.54	No	112	6.1
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	115	6.1
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	114	6.3
Bucyrus-Erie	7 (C)	....	....	39.34	120	111	6.4
General Cable Co.	7 (C)	27.69	25.72	25.92	110	108	6.5
Bush Terminal Debentures	7 (C)	16.81	18.88	20.55	115	108	6.6
International Silver	7 (C)	24.39	30.82	27.46	No	109	6.7
U. S. Smelting, Ref. Mining.	3.5 (C)	6.25	6.28	8.43	No	52	6.7
American Sugar	7 (C)	14.08	7.97	14.60	No	108	6.7
Glidden Co. Prior	7 (C)	23.91	32.69	32.69	105	103	6.7
Associated Dry Goods 1st	6 (C)	27.67	24.10	24.55	No	91	6.8
Goodrich (B. F.) Co.	7 (C)	13.96	39.19	10.36	125	103	6.8
Radio Corp. of Amer. "B"	5 (C)	....	....	5.36*	100	77	6.8
Commerce Investm. Trust 1st.	6½ (C)	27.72	24.36	45.50	110	94	7.0
Goodyear Tire & Rubber	7 (C)	11.83	18.50	18.90	110	100	7.0
Spicer Mfg. conv.	3	58.54	74.42	26.00	57½	43	7.1
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	97	7.4
Tidewater Asso. Oil conv.	6 (C)	13.35	7.35	19.49	105	82	7.6
International Paper	7 (C)	11.31	7.42	4.53	116	82	8.8

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock. * Six Months ended June 30, 1929.

An Investment in the Future of a Great Industry

Vigorous Management and Valuable Patents Place General Electric in the Van of the Electrical Industry

By C. Hamilton Owen

THE multitudinous applications of electricity have created a prodigous market for all types of electrical equipment, ranging from the small flashlight lamp to huge generators and powerful locomotives and the business of supplying this market has, in a comparatively short space of time, become one of the nation's ten largest industries. The total value of electrical products manufactured in 1929 amounted to $2,695,000,000 exceeding that of any previous year, and with exports totaling nearly $150,000,000, a gain of 34%, the United States became the leading exporter of electrical manufactures. The demand for electrical equipment emanates from every phase of productive activity, from the home, the farm, from railroads, from communications systems, and from every branch of the public utility industry—a degree of diversity unequalled in any other major branch of commercial enterprise. Not only are electrical manufacturers gifted with a practically insatiable market for their products, but through research efforts and scientific development carried on in their own plants, are constantly expanding their potential markets. Hence, to prophesy a future for the industry fully as impressive as its past seems well within the bounds of reason.

Early in the Field

One of the pioneers in the manufacture of electrical equipment and now the foremost company identified with the industry, the growth of General Electric since the time of its formation in 1892 shows the same energy and vitality which has been characteristic of other American industrial giants. The company's output in 1929 had a value equal to nearly 20% of the total domestic production of electrical equipment and sales were more than 90% greater than those of its nearest competitor — convincing evidence of its dominating influence.

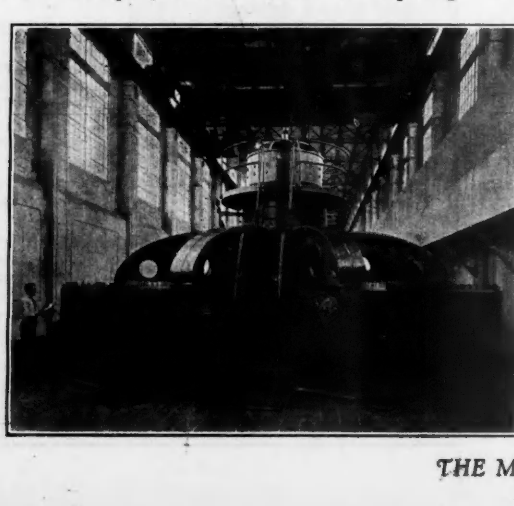
The inception of General Electric in 1892 was brought about by the merger of the Edison General Electric Co. and the Thomson-Houston Electric Co., and at the beginning of its career, the company's manufacturing activities were confined to five plants. Since that time, however, more than 313 million dollars has been expended for additional plant units and enlarged capacity and at the present time manufacturing facilities comprise twelve general factories and twelve incandescent lamp factories having a total floor space of more than 27 million square feet.

The formation of the company brought together two independent units which by virtue of their ownership of basic patents covering various electrical products including the incandescent lamp and the essential equipment for complete power and light systems created an ideal combination endowed the essence of eventual success. Capitalized at 50 million dollars, of which 34 million dollars was outstanding, the company at once became an imposing factor in its field. Sales in the first year totaled $12,000,000, a figure which in those early days made a very impressive showing but which seems almost insignificant in contrast with last year's results when sales averaged more than $1,000,000 daily.

Research and development activities have always been prominent in the company's progress and many of the most important contributions to the industry were conceived by engineers working in the laboratories of General Electric. At the present time, about twelve of these laboratories are maintained. Naturally the activities of this branch are shrouded in considerable secrecy but from time to time announcements of new discoveries or the completion of a new and more efficient machine are made which are frequently startling, if not miraculous, and fully justify the popular reference to the company as "The House of Magic." Through the constant development of new products and the replacement of obsolete ones, the more tangible results of this research work are ultimately translated into earnings.

Diversified Production

It is impracticable to detail here a full list of the company's manufactures, which are made up of a wide variety of machinery, apparatus and appliances, but some of the principal items comprising present output include complete central and sub-station equipment such as turbines, generators, transformers dynamos, insulators, etc. In addition the company manufactures every type of electric motor ranging from small household units to powerful locomotives capable of hauling heavily loaded trains over mountainous grades and including types adaptable to every industrial



purpose where efficient motive power is a requisite. Other items include industrial control devices, heating and welding equipment, aircraft devices, traffic controls, street lighting equipment, meters, instruments, switchboard panels and X-ray equipment. The company has been a moving factor in the development of radio and is one of the chief manufacturers of vacuum tubes and the many incidental items utilized in radio transmission and receiving. Household appliances include all of the various labor-saving devices common to the home wired for electricity and the company's electric refrigerator is conceded to be one of the the largest selling units. Recently a new violet ray machine for home use has been placed on the market. As previously noted, twelve of the company's plants are engaged exclusively in the manufacture of electric light bulbs. It would be difficult to find a parallel of this diversified output elsewhere in American industry.

Extensive Properties

The familiar "GE" trade-mark is known the world over and the company has built up an invaluable and enviable asset of good-will through advertising and by maintaining a high standard of quality and reliability for its merchandise. Nation-wide distribution is effected through the medium of 80 sales offices and 124 local distributors operating in 113 cities, supplemented by 16 service shops located in various population centers. This, of course, does not include the many department, hardware and electrical supply stores handling General Electric products as a side line. In addition, the company operates three radio broadcasting stations and special service facilities are maintained at a number of its principal plants. Last year, for the purpose of obtaining broader and more economical distribution, all of the wholesale units were consolidated in a single company, the General Electric Supply Corp., with headquarters in Bridgeport.

The substantial foreign and export business of the company is transacted by the International General Electric Co., Inc., a controlled subsidiary. During the past several years the latter company has undergone important expansion, particularly in France, Holland and Germany, acquiring a substantial interest in several companies engaged in the manufacture of various electrical products in these countries. In 1929 the International General Electric Co., reported a profit of $1,708,064 and disbursed $1,500,000 in dividends of which General Electric received a total of $1,344,593 and the vigorous manner in which this subsidiary is expanding would seem to presage steadily increasing income for the parent company from this source.

Growth of General Electric

During the Past Five Years

	Sales	Net Income from Sales	Other Income	Net Profit Available for Dividends	Earned per Share Common
1925................	$290,290,166	$32,810,675	$10,360,068	$38,641,217	$5.11
1926................	326,974,104	37,095,769	12,561,526	46,672,499	6.14
1927................	312,603,771	36,149,768	15,395,918	48,799,489	6.41
1928................	337,189,422	39,661,231	16,671,202	54,153,806	7.15
1929................	415,338,095	49,395,897	21,426,079	67,289,880	8.97

Numerous Associated Companies

It is common knowledge that General Electric has a direct or indirect interest in a great many companies whose activities are more or less complementary to the electrical equipment industry. The complete list of these companies nor the extent of General Electric's interest is not known but that it is substantial is indicated by the fact that the balance sheet item "Associated Companies and Miscellaneous Securities" amounted to $183,778,636 as of December 31st, 1929. All but a little less than $6,000,000 of this amount represents the company's investment in the foreign subsidiary mentioned above, the Canadian General Electric Co., the Carboloy Co., Inc., formed last year to produce a patented and extremely hard alloy consisting of carbon, tungsten and cobalt, the General Electric Vapor Lamp Co., the Edison General Electric Appliance Co., and a number of other subsidiaries. The company also owns a large block of the shares of the Radio Corp., of America and has a contract for the manufacture of most of that company's radio sets, tubes and other equipment. Other domestic companies in which General Electric is understood to be interested include the Electric Vacuum Cleaner Co., Allegheny Steel Co., and the R. C. A.-Victor, Inc. At one time, the company owned large blocks of public utility stocks and was interested in hydro-electric projects in New York State but most of these stocks have since been disposed of.

The importance of these subsidiary units and affiliated investments is reflected in the item of $9,681,386 appearing in the income statement of General Electric for 1929, representing their contribution to earnings in the form of interest and dividends. In addition, however, General Electric's equity in the undistributed earnings of these companies was equivalent, as of December 31st, 1929, to $1.74 on its common stock outstanding at the close of the year.

Financial Strength

As might be logically expected, the financial strength of the company is fully in keeping with its industrial supremacy and the most recent balance sheet is an example of financial strength. At the end of 1929, working capital amounted to $205,659,634 and cash and securities of the U. S. Government alone, totaled $123,702,969. Inventories were carried at $80,835,545, or less than 20% of total sales for the entire year, and receivables amounted to $54,567,916. Total current liabilities amounted to $50,216,372 and were but slightly more than 40% of cash and securities. The company was in no way obligated for notes payable or bank loans.

The balance sheet is not alone distinctive for its revelations of financial strength but offers documentary evidence of ultra-conservative accounting practices. For instance, the company's patents which unquestionably have a tremendous, if intangible, value are carried at $1 and no provision is made for the value of trade-marks and good-will.

Manufacturing plants are accorded a book value of $49,236,288 but it is a moot question whether or not they could be replaced today at a cost ten times this figure. During the company's existence over $313,000,000 has been spent for plants and equipment and depreciation reserves at the end of the past year amounted to $160,297,165. It is also significant that the present book value is equivalent to less than $2 per square foot of manufacturing capacity. Using these figures for the purpose of ascertaining the asset value of the common stock would give no more than a hint as to the actual equity and it is due to this fact that the term "hidden assets" is so

(Please turn to page 978)

Market Indicators

For Profit

Bonds and Preferred Stocks

Stimulated by low interest rates and an increased volume of trading, fixed income securities are displaying a definite upward trend. Until recently this group has shared but meagerly in the activity which has characterized common stocks since the beginning of the year. High grade bonds and preferred stocks have for some time been obtainable at prices which afforded an attractive yield and many of these issues are still on the bargain counter, available to those investors who have taken advantage of the market recovery in equity issues to lighten their holdings.

* * *

General Foods

Selling below 50 and paying an annual dividend of $3, the common stock of General Foods, Inc., yields over 6%. The company succeeded, by change of name, the former Postum Co., and engages in the manufacture and distribution of a diversified array of package foods, all of which are well known and nationally advertised brands. Sales increased 27 million dollars last year and earnings were equal to $3.89 per share. The steady upward trend in sales is in no danger of being interrupted this year and the more complete co-ordination of subsidiaries acquired in 1929 should have a favorable bearing on earnings.

* * *

Copper Statistics

Recent statistics bearing on the copper industry hardly tend to inspire faith in the ability of the companies to maintain the prevailing 18 cent level for the "red metal." Despite efforts to curtail production, imports have been heavy and the present supply of copper above ground is now the largest since February, 1922. Consumers continue to make minimum purchases and it is reported that the persistency with which producers have resisted price reduction has encouraged the use of substitute metals. All of which is bound to have an adverse effect upon the earnings of copper companies and the concern which is being manifested with regard to the safety of present dividends on many copper issues is well founded.

* * *

Cement Tariff

Recently the United States Senate voted cement off the free list and imposed a duty of 6 cents per hundred pounds. The shares of the International Cement Co., one of the leading units in the industry, responded promptly to this good news and moved sharply upward. The company has been able to give a good account of itself during the past several years despite the unsettled conditions in the industry resulting from foreign competition. Earnings last year were equal to $7.88 per share on the common stock, amply providing for the $4 dividend. However, with the tariff providing urgent relief, earnings will undoubtedly show considerable betterment, a possibility which, if realized, will restore the shares to their former investment popularity.

* * *

B. & O. Convertibles

Baltimore & Ohio convertible 4½s due 1960 may be converted into the common of the road after February 1st, 1931, and until February 1st, 1936, at $120 per share. At the present time the shares are selling close to their convertible price and possibilities of substantially higher levels over a period of time are excellent. B. & O., the oldest railroad in the country, serves a rich mining and industrial region and is presently endeavoring to enlarge its system in accordance with the I. C. C. 1929 Consolidation Plan, which will embrace the acquisition of a number of independent roads including Wabash, Reading and Western Maryland. There seems to be no insurmountable barriers to the eventual consummation of these plans to the ultimate benefit of shareholders. As a funded obligation of the road, the bonds enjoy a high investment rating, to which, by virtue of their convertible feature, is added the inducement of gradual price appreciation.

* * *

The 5 and 10 Abroad

It is rather interesting to note that F. W. Woolworth plans to open 68 stores in France and Germany this year in contrast with the 52 units scheduled for this country. Woolworth entered the foreign field three years ago and now has a total investment abroad of more than 27 million dollars. Earnings have "marked time" during the past several years due largely to expenditures incurred in opening "super" units but with the domestic program of expansion subordinated to the more fertile fields abroad, current earnings will probably be more impressive. Looking further into the future, however, it is by no means impossible for the company's past history to repeat itself in foreign territory.

* * *

Westinghouse Electric

Steps have recently been taken by the Westinghouse Electric & Mfg. Co. to simplify its capital set-up by the elimination of outstanding preferred stock, amounting to less than 80,000 shares. At the present time the preferred participates equally with the common in all dividend disbursements, both issues currently receiving $5 per share. The proposed plan, which will be voted on at the stockholders' meeting scheduled for April 9th, provides for the voluntary exchange of the preferred for the common stock on a share-for-share basis. For some time it has been hinted that the company contemplates a split-up of the common

and Income

stock, which action would, of course, be facilitated by the retirement of the senior shares.

* * *

Eastman Kodak

It looks like a banner year for Eastman Kodak. The ambitious plans of motion picture producers presages a heavy demand for film and equipment. The so-called Grandeur pictures, employing a much larger screen, requiring film twice the ordinary width, color photography, several new specialties and the increasing interest of amateurs in motion picture photography will all contribute materially to swell the company's coffers. The company is a large consumer of silver nitrate and will naturally benefit from the sharp decline in silver prices.

* * *

Radio Preferred

Radio Corporation Class "B" preferred, currently quoted around 75, affords an income return of better than 6½%. A sharp decline in sales during the later months of 1929 in conjunction with lower selling prices adversely affected the earnings of the company and profits declined $3,226,806. Dividends on the combined Class "A" and "B" preferred stocks, however, were covered over three times, an ample margin of safety, and the present market value of the common stock represents a junior equity of more than $325,000,000 for the preferred issues. The company's strong financial position, strategic position in the industry, and well defined outlook for continued growth are factors which should lend increasing investment strength to both classes of preferred stock.

* * *

Conscious Stockholders

Wide public ownership of equity securities is having a decided effect upon the conduct and attitude of incumbent managements. Investors are taking a pronounced interest in the affairs of those enterprises into which they have put their money and are demanding more comprehensive information bearing on finances, earnings and the methods by which the business is being conducted. Moreover, stockholders have not been slow to express their dissatisfaction. Witness, for example, the Fox Film situation and recently common stockholders were very prompt in voicing their objection to the proposed sale of a block of debentures by a prominent railroad. Managements, keenly aware that the stockholder is no longer the inarticulate and lackadaisical individual that he was once, are bound to keep his interests prominently in mind.

* * *

Steel's $3,000 Workers

The payroll figures in the 1929 annual report of the U. S. Steel Corp. disclose some interesting statistics. Each employe earned on the average $5.99 a day last year, just a cent less than for the previous year. The average yearly wage received by all of last year's men was $1,867. But there were 50,618 of these employes, or nearly 22½%, who were registered stockholders, holding an aggregate of 129,621 shares of 7% preferred stock and 715,177 shares of common stock. There were also 23,710 additional employes who were paying up stock subscriptions. The aggregate holdings of the registered employe stockholders were valued at nearly $155,000,000, if figured on the recent prices of the preferred and common stocks. Each one of the employe stockholders, therefore, taken on an average basis, was worth $3,058, as a result of his company affiliation. And each one of these men, by reason of his Steel dividend receipts, received an additional $131. Thus, in wages and dividends, the company treasury handed over nearly $2,000 to each of its stockholder employes last year.

Homes by Mail

It is now possible for the prospective home-builder, owning a lot and possessing a small amount of cash, to sit down and write to either one of the leading mail order houses, stating his wants and forget about it. These companies not only sell these homes but finance them and supervise their construction as well. The houses are all modern and up-to-date in every respect and their cost is reputed to represent a considerable savings to the owner. Not the least of the inducements offered by this method of building is the financial arrangement which permits the extension of monthly payments over a period of fifteen years.

* * *

National Biscuit

Low wheat and sugar prices are bound to have a favorable influence on the current earnings of National Biscuit Co., the largest single consumer of these commodities in the world. Moreover, the company's products are stable items on the household menu and not likely to be omitted when the thrifty housewife pares down her budget. The company's shares were recently split 2½-for-1 and it is expected that dividends on the new stock will be initiated at the rate of $3 annually.

* * *

Deserved Popularity

Judged by the number of investment trusts that hold the shares of Consolidated Gas, it is the most popular of the leading equity issues. The company furnishes gas and electricity to New York City and a large part of Brooklyn, the most compact and densely populated territory in the country. The marked degree of stability which has characterized past operations and the assurance of future growth are factors which combine with the company's importance to justify the high investment regard in which the shares are held.

EDITORIAL PAGE

Building Your Future Income

An Informative Department On Estate Building

Courage

WE have recently received a pitiful letter from a man who says that he would like to make some money in the stock market but lacks the courage. His purpose in writing to us about it seems to be that he hopes we will inspire him to great stock market deeds and the realization of quick profits. Here is an example, worth quoting publicly, of one who does not know when he is well off.

"The only money that I have been able to get together," he writes us, "is money that I have saved out of my regular income by the old fashioned ideas of thrift and I can easily see that this will not get me anywhere.

"On every side, I see other men putting their money into their business or into somebody else's business and getting in return, not a miserly little income, but handsome profits. I have no business of my own so naturally I look at the stock market as the logical medium for putting my funds to work, where they can earn similar profits for me, that other men get in their own business.

"I have studied stocks and made mental decisions as to what stocks I would buy with my funds. With a few exceptions, I have found that my selections were all good. Had I acted, instead of dreamed about the stocks that I believed were good, my modest savings would now amount to a sizeable fund. But always I lacked the courage to buy stocks. Last year, I could have made many profitable transactions but lacked the courage to buy when the market was relatively high. After the break in the stock market, I lacked the courage to buy cheaper priced stocks because everyone was talking 'panic' although the prices looked attractive. Now that prices are higher, there is not so much talk about panics but I still feel hesitant. Perhaps I am just a little too cowardly about the whole business. At any rate, I would like to get your ideas and advise."

Perhaps, there is only one man exactly like this in the United States. But, although we have never received any appeal just like this, we suspect that there may be many others. To this man and to "others" that may exist, we would like to say this:

Don't be too much concerned about your lack of courage. God gave you your sense of fear to keep you away from danger. There are thousands of men and women who would pay big money for your lack of courage as far as speculation is concerned—both those who bought stocks before the break and immediately after. Stick to your old fashioned ideas of thrift until you have a carefully invested backlog of funds, in the savings bank, in building and loan, in insurance, in sound bonds and preferred stocks. Then if you still need some encouragement, we will be glad to hear from you.

Eight Rules for Profitable Investment in Sound American Industries

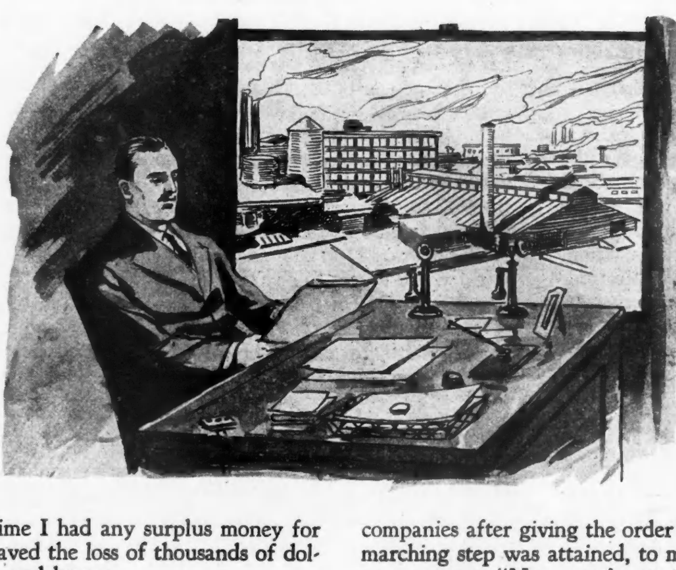
An Experience Story That Suggests the Desirability of Standard Investment Stocks

By Edward F. Parker

If knowledge and industry are necessary factors in making money, training and experience are equally essential in conserving it. To make and conserve it at the same time is difficult because each is a business in itself and failure to realize this is the chief cause of people's losses. Many fail to profit by the experience of others and many do not know how and where to get reliable advice. A touch with current business conditions by reading some periodical publication such as The Magazine of Wall Street is indispensable.

Commencing to make a living about thirty years ago, for the first fifteen all my savings were invested in South Carolina Cotton Mills which merged and promised to be a wise and successful selection. A sudden drop in the price of cotton after the World War Armistice caused their failure and the almost complete loss of money invested. I then decided to play safe and invest the salvage in bonds. When several of these proved to be bad my thoughts turned to listed securities.

About that time I heard and learned of the value of an investment advisory service and largely relying on advice and suggestion I began fifteen years ago to buy common stocks of the leaders in national basic industries. The result is I now own shares of Allied Chemical & Dye, American Tel. & Tel., Dupont, Penn. Railroad, General Electric, General Motors, Kennecott Copper, Timken Roller Bearing, Union Carbide and U. S. Steel. Collectively their saleable value had trebled, and after the recent stock market collapse, was nearly double the purchase price. By selling stock dividends, the Standard Oils owned (Cal., N. J., Vacuum) have cost almost nothing.



I insistently and persistently try to impress on the minds of five sons the following financial precepts. If I had known them and practiced them from the time I had any surplus money for investment I would have saved the loss of thousands of dollars earned with my brain and brawn.

Buy what you can afford to pay for.

Buy diversified securities—don't put all your eggs in one basket.

Buy as soon as possible limited payment endowment life insurance in the biggest companies as a most valuable asset in after years and an investment out of which you can get out the money paid in if you want it or need it.

Buy real estate only for residential or business use—to hold it for profit is always troublesome and expensive.

Buy listed bonds paying not more than five per cent.

Buy the common stock of big national basic industries which have demonstrated their earning capacity by a long dividend paying record and reasonably promise not only to increase your income but to double the money invested.

Buy a few chances to increase and take only the same number to lose any of your principal.

Common sense dictates spending your money where you make it but it is foolish to let any sense or urge of civic obligation make you invest in local enterprises whose real financial status you can seldom ever find out until a receiver is appointed.

Unless the average worker with a wife and children inherits or has married money it is today more than ever almost impossible to leave behind an estate adequate enough to support his dependents out of the savings from his income. But that does not necessarily make financial independence a futile dream. Fortunately, our savings will earn more savings if properly used. Even at fixed interest rates, investment funds will double themselves in a decade or so through the reinvestment of interest. The experiences briefly sketched above indicate how much more investment funds can be expected to grow when they are used to buy a participation in the expanding earnings of large American corporations.

Captains of negro post-Civil War militia companies after giving the order to march, when a rhythmic marching step was attained, to maintain it repeated as long as necessary "Now you've got it, damn you keep it." No words of tongue or pen can better serve as the first lesson in How to Make and Conserve your Wealth.

How to Organize an Investment Club

Two Types of Clubs Described With Rules and Regulations That Govern Activities

By JOHN E. TYLER

Assistant Secretary, Olney Bank & Trust Co., Philadelphia, Pa.

IN response to many requests for further information concerning the formation and operation of investment clubs, we have asked Mr. Tyler to supply us with more details about the activities of the investment clubs which he described in a recent article. Two clubs are discussed. The first one is a small informal group, which emphasizes the social and educational side of investment club activities. The second club, which is a larger and more ambitious adaptation of the investment club idea, is presumably an endeavor to capitalize the experience of the first group along more formal lines. Here the delicate question of compensation for the mandgers arises. Shall investment club managers be compensated for their efforts and if so how much? This has always been a knotty problem during the many years that the BYFI Department has discussed the activities of investment clubs and assisted in encouraging their formation. The wide range of experience of the various groups with which we have had correspondence during these years has run all the way from the strictly informal club, organized with the sole purposes of good comradeship and cooperative investment efforts, to the other extreme large professional clubs, some organized by intensive "mail order" campaigns, with little other purpose (we suspect) than to provide an income for the organizers. Somewhere between these two extremes, the line must be drawn on a common sense basis. Common sense declares that it is "fair" that those who undertake the responsibility for the club's investment and do the labors necessary for the successful investment of these funds should receive some compensation for their efforts. On the other hand, the experience of this department has shown that the professionally organized investment club defeats many of the secondary purposes of the club and frequently defeats the primary purpose of successful cooperative investment. For the sake of a full discussion of investment club activity and the comparison of various types, we are presenting Mr. Tyler's description of both the informal, purely social group, and the club which "allows compensation for its managers." Lest old readers of these columns become apprehensive that we are abandoning our Puritanical attitude toward investment clubs organized as a "business proposition," let us repeat emphatically that we have never endorsed nor will we ever endorse any investment club that is organized on a strictly professional basis in the BYFI Department.

The BYFI Editor.

EVIDENTLY people all over the country are as enthusiastic about the investment club idea as we were when we put into operation as a purely social investment organization, our "W. C. B. Associates," affectionately named for our manager, Mr. Benson. After informally agreeing upon a set of rules for the operation of the proposed club, each of us was handed a certificate in April, 1927, which had been inexpensively mimeographed and which read as follows:

> This certifies that ——— is one of twelve members of the W. C. B. Associates Investment Club, a voluntary organization formed to encourage thrift and co-operation among its members by the pooling of their savings. The assets of the club will be employed in the purchase of high grade stocks and bonds. This certificate is also evidence that the holder has paid the sum of one hundred dollars ($100.00) as membership fee and agrees to pay the sum of ten dollars ($10.00) on the first day of each month hereafter, such monies so received by the club to be invested in accordance with the by-laws.
>
> ———
>
> Manager.
>
> Philadelphia, April 1st, 1927, Certificate No. 6.

This organization was an association of a dozen personal friends who had implicit confidence in the manager they selected. So well did he operate its affairs that after three years of operation we have just disbanded with a handsome profit to everybody notwithstanding the fact that we had several banquets and theatre parties which were charged to club expenses by mutual consent. As I have said in a previous article, we weathered the market storm by disposing of our preferred utilities which had held up well, using the proceeds of their sale to retire borrowings. We are giving a final banquet to our manager and an appropriate present as a token of our appreciation for his efforts and successful management. The affair will have been staged by the time this article goes to press. It is his only compensation besides the satisfaction of having mastered a trusted responsibility for his friends. We limited our membership to twelve close friends and trusted one.

In the second organization we allow the managers compensation, provide penalties in the way of part profit forfeitures for immatured withdrawals and center management in the hands of three men instead of one. Periodical audits conducted by outside accountants and reports of holdings and profits are issued. Of course, the membership is larger and not so intimate as in the first group.

To those who contemplate the formation of an investment club, I suggest that membership be obtained by first choosing a given number of friends and then having them propose the names of their friends and acquaintances as additional members. The amount of money initially required to start as well as monthly payments should be determined by the circumstances of the members. The second organization I have in mind is registered at the state capital. I think it wise that inquiry be made of the requirements of state security laws and commissions before operation.

Following are some suggested rules, the name of the fund being fictitious.

1. Organization

1. The A. B. C. Investment Fund is an unincorporated agency operated by three managers.
2. The place of business of the fund is at X, City of Y, State of Z.
3. The purpose of the fund is to encourage thrift among its participants by the investment of their savings in high grade stocks and bonds.
4. The managers of the fund are——.
5. The fund may be composed of an unlimited number of separate and distinct series each maturing on a definite date. Each series may be composed of an unlimited number of units of participation.
6. Each holder of one or more units shall be deemed a participant. The management reserves the right to reject any and all applications for participation.
7. Each manager shall be a participant. Upon the death or resignation of one of the managers, his successor shall be selected by the vote of all participants.

2. Duties, Power and Liabilities of Managers

1. The power to purchase and sell securities, and the selection of investments and brokers, shall be entirely under the control of the managers, who shall not be held responsible for any error of judgment.
2. The managers shall not be held personally liable for any act or omission of any employee, agent, broker or anyone else, selected in good faith; nor shall they be compelled at their own expense to bear the cost of any litigation.
3. Securities purchased for each series shall be held solely for the benefit of the participants in that series. However, to facilitate operation, the securities of all series may be kept in an undistributed account provided the books of each series shall specify the securities owned by that series.

Custody of Cash and Securities

1. Securities may be registered in the name of brokers employed by the managers, or may be retained in the registered or street name in which they are delivered to the managers, or may be transferred to the name of a manager as "agent for A. B. C. Investment Fund." All securities owned may be left for safe keeping with the broker through whom they were purchased or with any established bank or trust company; or they may be held by the managers in a proper safe deposit box accessible to any of them.
2. Securities shall be bought outright and not on margin. However, the managers shall have power and authority to borrow money for the benefit of this series from banks or trust companies of their selection, and to pledge as collateral therefor any securities belonging to this series; the money borrowed shall be invested for the benefit of this series; collateral pledged shall at all times have a market value of at least fifty per cent (50%) in excess of the loan.
3. Any cash on hand shall be deposited at once to the credit of the A. B. C. Investment Fund in banks or trust companies selected by the managers. Checks on said deposit shall be signed by not less than two of the managers.
4. Clerical charges and all other expenses including brokers' commission, etc., are to be paid out of the fund.
5. The fund's books shall be open to the inspection of participants at all reasonable times.
6. The managers shall submit a detailed report of the condition of each series of the fund to its participants at least twice a year. The report shall include a statement of the amount paid in by participants, the securities held for the series, and the approximate liquidation value of the assets of the series at current market prices.

3. Participation

1. Participants shall sign a copy of these rules, which are to govern during the period of the agency. Subsidiary rules and regulations, not inconsistent herewith, may be, from time to time, adopted and rescinded by the participants to promote the better government of the fund.
2. The series in which the undersigned is a participant shall be designated as "Series A-1930."
3. The undersigned is a participant to the extent of —— units in said series.
4. This series shall be closed to original participation on the ——— day of ——— 1930, and shall mature on the ——— day of ——— 1935; however, additional units of participation of any series may be issued by the managers at any time upon payment of a sum equal to the actual value of a unit of that series estimated upon the market value of the securities owned for that series, plus a premium of five per cent (5%); but no unit of participation shall ever be issued at less than the paid in value of other units of the same series.

5. In the event that two or more participants shall request in writing that this series mature upon a date earlier than the date above specified, it shall be the duty of the managers immediately to give all participants ten days' notice of a meeting to be held at the office of the fund,

for the purpose of acting upon the request. Said meeting shall be held within twenty days of the receipt of said request. At said meeting every unit not in arrears shall be entitled to one vote. Participants may vote in person or by proxy. In the event that a majority of units are in favor of earlier maturity, this series shall mature on the date then set by the participants. In the event that the managers should refuse or neglect to call a meeting as aforesaid, the requesting participants may themselves call such a meeting. If at said meeting the majority of units are voted in favor of earlier maturity, it shall be the duty of the managers to mature this series on the date thus set.

6. Each unit is subject to an initial payment of one hundred dollars ($100.00) on or before said closing date and to the additional payment of ten dollars ($10.00) on or before the tenth day of each succeeding month until the maturity of the series.
7. The managers shall issue a receipt to each participant showing his initial payments and shall note thereon all monthly payments as made. Neither receipts nor units shall be assignable *inter vivos*.
8. No interest or dividends will be paid to participants prior to the maturity of this series. However, any participant may at any time withdraw upon the terms and conditions hereinafter set forth.

4. Distribution at Maturity

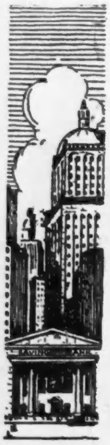
1. Within a reasonable time after the maturity of each series the managers shall liquidate all securities held for that series. Failure to do so shall render the managers liable as trustees *ex maleficio*.
2. Upon liquidation the managers shall receive jointly as compensation for their services ——— per cent of the net profits of that series. Net profits shall be construed as the amount by which the liquidated assets of the series exceed the total amount paid by its participants. In the event of the resignation or death of a manager prior to the maturity of this series no claim for commission on profit shall be made by him or his personal representative until maturity and liquidation at which time his pro rata share shall be paid by the managers, and there shall be no claim against the fund for interest during the time that the claim remains unpaid.
3. After the deduction of any commissions due the managers the balance shall be pro rated among participants in the series.

5. Withdrawal or Death of Participant

1. In the event that a participant wishes to withdraw, his units will be redeemed by the fund within ten days of the receipt of written application for redemption, at a price equal to the value of each outstanding unit of the series, based on the market value, at the date of actual redemption, of the securities held by the fund for the series to which the units to be redeemed belong; but from this redemption price there shall be deducted an amount equal to ——— per cent of the net profit (if there be a profit over the cost to the participant) on such redeemed units. The said ——— per cent of profit shall be paid ——— per cent to the managers at once as their sole commission with respect to the redeemed units and the balance shall be repaid to the fund and accrue to the remaining participants of the series.
2. In the event that any unit holder becomes in arrears in monthy payments, the managers shall give him immediate notice by mail of the amount of such arrearage, and if the sum due is not paid within ten days of the mailing of said notice, said units shall be redeemed on the basis

(*Please turn to page* 966)

BYFI RECOMMENDS—



For Saving

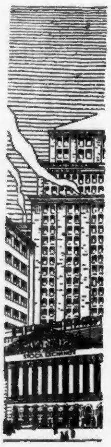
1. **SAVINGS BANK.** A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available for employment in other mediums.

2. **BUILDING & LOAN AND GUARANTEED MORTGAGES** are conservative investments secured by real estate mortgage. Building & loan shares, essentially a mortgage investment, are purchasable in monthly installments. Guaranteed mortgages are obtainable in large or small denominations. Both mediums must be selected on their individual merits and the reputation of the association or company.

3. **ENDOWMENT INSURANCE** is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should occupy a minor role in the accumulating program.

For Investment

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	100	4.7
2. Public Service Elec. & Gas 1st & Ref. 5s, 1965	104	4.8
3. Standard Oil of N. Y. deb. 4½s, 1951	97	4.7
4. Western Pacific 1st 5s, 1946	98	5.1
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978	103	4.8
6. New York Steam 1st "A" 6s, 1947	107	5.3
7. Chesapeake Corp. Conv. Coll. 5s, 1947	100	5.0
8. Associated Dry Goods 1st 6% Pfd.	91	6.6
9. Hudson & Manhattan Conv. 5% Pfd.	79	6.3
10. Southern Pacific Common $6	124	4.8



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed, are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

Policy Loans Lend a Helping Hand to the Insured

Loans Increased to Large Totals During Market Breaks—Caution Against the Abuse of Loan Privilege and Chronic Borrowing

By Florence Provost Clarendon

THE assets of life insurance companies increased during 1929 by about 10% to the tremendous total of $17,500,000,000. These funds are the savings of families of policyholders, and act as one of the great bulwarks of the business of the nation. While during last year the assets increased by roughly 10%, the policy loans representing part of these assets increased by no less than 20%. The total of the loans to policyholders is roughly $2,500,000,000.

Much of this unusual policy loan increase took place during and after the break in Wall Street in October and November, when market values slipped downward with disconcerting rapidity, and so many people were caught in an over-extended condition. In the latter part of 1929 many of these men found their salvation in their life insurance policies. Collateral which banks would have considered acceptable at other times was viewed with distrust, sometimes refused, when the borrower tried to negotiate a loan. But a life insurance policy is always good for its loan value, and such loans were granted immediately, often by return mail.

Two Hundred Million Loans

Loan privileges under a life insurance policy are more direct than the usual borrowing conditions and financial help can be obtained at surprisingly short notice. The ease with which policy loans are effected was viewed with unusual interest by many borrowers who had not previously taken advantage of their loan privilege. The situation had its amusing side. In one case a policyholder who applied by letter for the full loan value of his policy and received the company's check for some $5,000 the following day, returned the check with the cryptic remark: "I don't need it. *I just wanted to see if it was true I could get it so easily!*"

Figures compiled from reports of a group of the largest life companies in this country indicate that there was an unusual demand for policy loans after the October break. In the two months, November and December, policy loans were granted for about $200,000,000 altogether, whereas the normal proportion for those two months would be about $120,000,000. Moreover the unusual demand for policy loans continued into the year 1930 and many business men found this a source of relief when money was needed quickly and surely.

No legal advice is necessary to obtain a policy loan; the conditions under which it may be effected are fully outlined in the policy contract itself, and the life insurance companies take all the trouble, prepare the necessary papers, and give careful instructions as to how the documents should be signed.

The interest charge is moderate, varying from 5½% to 6%, and the loan may generally be repaid at any time without notice on payment of the sum borrowed and accrued interest to date. It may also be paid off in installments, because the companies all accept a payment to account of the policy loan, and give a credit of interest from the date when the payment is made. If therefore a borrower secures $5,000 on his insurance policies, he may pay off $1,000 of this loan at any time most convenient to himself, and keep on repaying the loan as funds accumulate from other sources. Thus this policy loan privilege protects the insured's dependents from want during a temporary financial crisis, and prevents as well the loss of their insurance protection.

Terms Favorable to Borrower

Loans are likely to be needed at a time when money is scarce, and therefore interest rates are high; yet these policy loans can always be obtained at a fixed rate of interest, rarely exceeding 6% at times when the call rate may be 8%, 10%, or even higher. The benefit of the fixed and moderate rate of interest is even greater than it appears, because it is guaranteed for many years into the future, and has all the facilities above shown for instalment repayment. The loan cannot be called by the insurance company, although the borrower can pay it off as he pleases.

From the insurance company's standpoint, the interest rate is none too high because they have a good deal of trouble in making such loans. Many of these policy loans are for sums like $50 or $100, and the same amount of detail is necessary in preparing loan papers, keeping account of the interest payments, etc., for a loan of $50 as for the loan of $5,000. Possibly companies could adopt rules whereby fixed loans in excess of $1,000 could be made at slightly lower interest rates, but at-

(*Please turn to page* 960)

TRADE TENDENCIES

Trade Makes Headway Slowly

Recovery from Poor First Quarter Likely to Be Gradual—Prices Firmer

STEEL

Strength Developing

AFTER a month and a half of steadily declining production during which operating rates for the entire industry dropped fully 10%, a more stable tone is evident and the steel industry is apparently gathering strength. No sudden spurt can be predicted at this time; but a gradual broadening and quickening seems indicated despite the delayed influence of seasonal stimuli. The extent of the recovery in steel will, of course, be contingent on the development of consuming lines. While two of the principal consuming industries, automotive and railroad, offer questionable prospects of additional support, the outlook for other branches of industry is encouraging in the main.

(*Please turn to page* 966)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1930 High	1930 Low	1930 Last
Steel (1)	$34.00	$33.00	$33.00
Pig Iron (2)....	18.50	18.50	18.50
Copper (3)	0.17¾	0.17¾	0.17¾
Petroleum (4)...	1.45	1.20	1.20
Coal (5)	1.65	1.50	1.57½
Cotton (6)	0.17½	0.14	0.15¾
Wheat (7)	1.46½	1.29¾	1.29¾
Corn (8)	1.08¾	0.99¾	1.02¾
Hogs (9)	0.10½	0.09½	0.10¼
Steers (10)	16.50	14.25	14.25
Coffee (11)	0.10¼	0.09¼	0.10¼
Rubber (12) ...	0.16⅜	0.15¼	0.15⅝
Wool (13)	0.34	0.32	0.32
Tobacco (14)....	0.14	0.14	0.14
Sugar (15)	0.03¾	0.03½	0.03½
Sugar (16)	0.05¼	0.05	0.05
Paper (17)	0.03⅛	0.03⅛	0.03⅛
Lumber (18)....	20.20	19.11	20.20

* March 22, 1930.

(1) Bessemer billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per lb.; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, 100 lbs.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—A broader if not heavier demand is becoming evident in the steel trade and despite recent declines in production, this diversification should be favorably felt before very long. No abrupt upturn is to be expected but a gradually improving status seems indicated for the current month. Price trends are somewhat uncertain. No serious declines have been reported, however, nor are any in prospect.

METALS—Recent dullness in copper markets has been accentuated by the failure of utility buying to materialize in expected proportions and present volume of hand to mouth orders is not likely to be increased appreciably for some time. Quotations remain high and to all appearances steady, but satisfactory earnings are hampered by excessive stocks and radically curtailed output prevailing at present.

PETROLEUM—The oil situation is evincing continued improvement. Quotations for crude products on the West coast have been raised as result of curtailed production and similar action is probable in Mid-Continent and Eastern fields if output remains reasonably restricted. It must be remembered, though, that the durability of current restriction agreements has not yet been tested by time.

MACHINERY—While domestic markets are not particularly active, foreign shipments are in increasing volume. January exports this year totaled $23,336,000 as compared with $21,490,000 shipped from the country in the same month in 1929. Backlogs of machinery manufacturers are fairly large, but profits for the year will depend chiefly upon the extent to which domestic sales open up later on.

RADIO—Despite better demand reported in the radio field, competition remains severe and profit margins are still inadequate. The inventory situation is still cumbersome although some improvement has been reported in that line. During the current period of distress, many of the weaker concerns may be forced to liquidate, leaving the industry in control of the large companies; but meanwhile, temporarily lower profits are indicated all around.

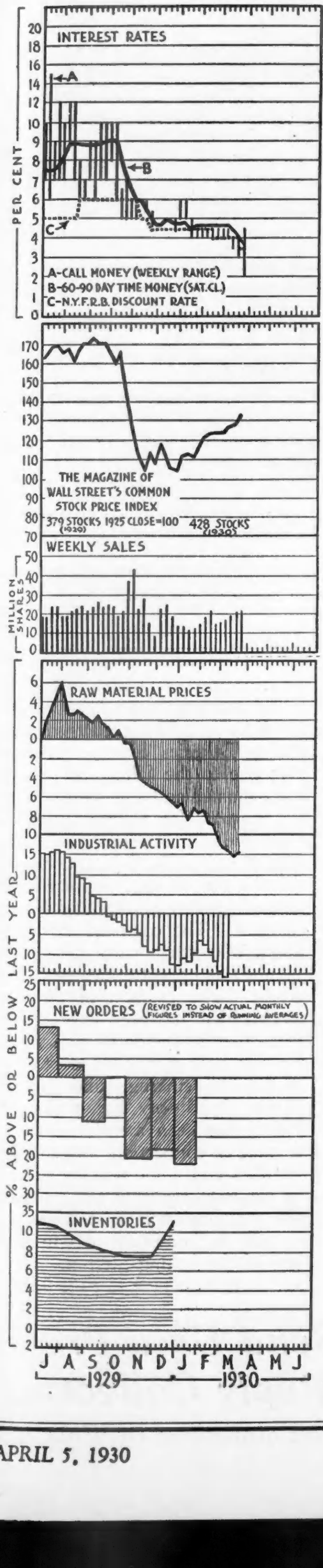
RETAIL TRADE—Retail buying is not at satisfactory levels. Department store sales in February were 2% below those of a year ago and chain store volume gained only 6% in the same period—a relatively poor showing considering the increased distribution facilities available. While warmer weather and the near approach of Easter should stimulate trade to some extent, extensive increases are not expected until unemployment improves.

TOBACCO—Leading cigarette manufacturers are proving the depression proof character of their business. Output of small cigarettes increased over 5% in February and inasmuch as profit margins have remained unchanged, earnings should reflect the gain.

SUMMARY—Despite various retarding factors, business has assumed a more stable aspect and somewhat more favorable trend may be expected during the present month. Progress, however, is likely to be gradual with a certain amount of irregularity in basic lines.

THE MAGAZINE OF WALL STREET'S INDICATORS

Business Indexes

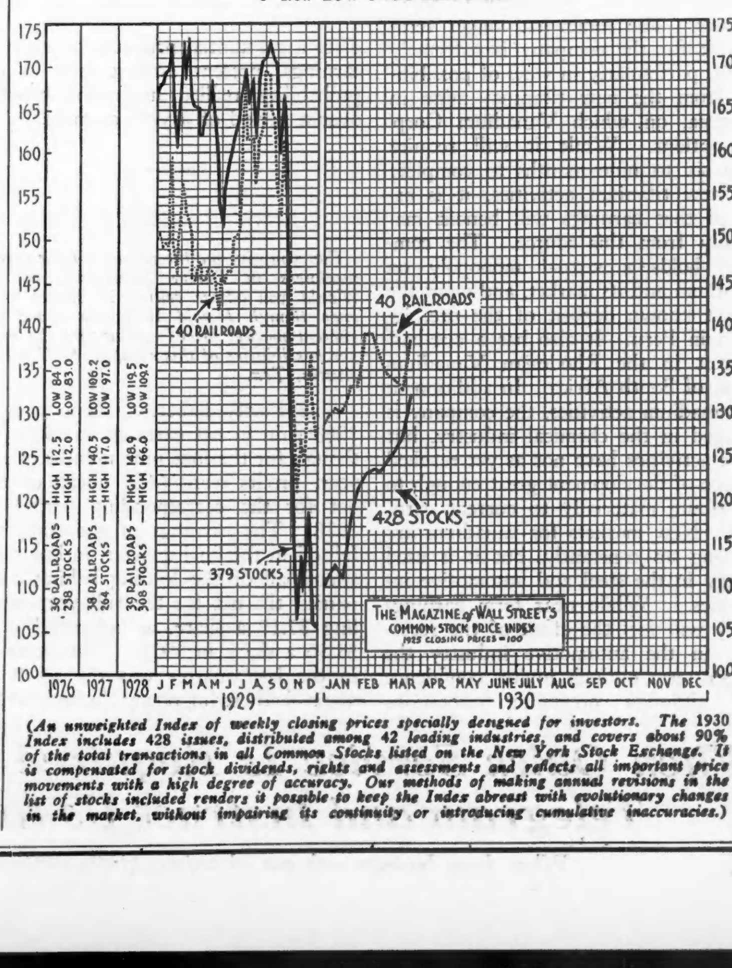


Common Stock Price Index

(1925 Closing Prices—100)

Number of Issues in Group	Group	1930 Indexes (428 Issues) High	1930 Indexes (428 Issues) Low	Recent Indexes Mar. 15	Recent Indexes Mar. 22	1929 Indexes (379 Issues) Close	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low
428	COMBINED AVERAGE	132.0	109.0	127.5	132.0	109.0	173.1	105.6
40	Railroads	139.0	129.0	132.5	138.3	129.0	169.5	120.8
3	Agricultural Implements	365.9	242.4	342.4	351.2	258.0	655.5	237.1
3	Aircraft (1927 Cl.—100)	125.6	82.2	118.7	125.6	86.0	307.1	78.0
8	Amusement	196.0	123.4	194.7	196.0	129.6	266.0	121.5
22	Automobile Accessories	104.7	84.2	104.3	104.7	84.2	212.6	82.9
18	Automobiles	72.2	53.0	68.5	72.2	54.2	134.9	52.1
3	Baking (1926 Cl.—100)	55.1	42.7	46.6	55.1	43.4	96.8	39.8
2	Biscuit	237.0	189.9	232.0	237.0	189.9	267.6	177.0
5	Business Machines	261.9	218.1	259.2	250.0	219.4	385.8	205.0
2	Cans	214.9	169.8	208.3	214.9	171.9	273.5	157.1
9	Chemicals & Dyes	237.6	216.9	227.4	231.9	220.4	363.9	204.5
4	Coal	107.9	83.5	100.8	98.9	83.3	124.0	77.0
16	Construction & Bldg. Material	107.8	80.9	101.2	107.8	82.4	145.4	76.6
13	Copper	211.7	189.3	189.3-1	199.2	194.5	391.5	189.6
4	Dairy Products	116.6	81.4	110.7	115.5	86.5	146.0	73.3
10	Department Stores	44.9	37.3	42.9	43.5	38.0	86.5	37.5
9	Drugs & Toilet Articles	142.0	128.6	142.0	138.6	128.6	199.2	119.2
8	Electric Apparatus	219.2	172.9	213.8	219.2	172.9	298.5	151.3
3	Fertilizers	50.2	40.1	48.9	50.2	40.8	121.4	36.5
2	Finance Companies	148.4	101.4	143.6	144.8	101.4	213.9	96.3
4	Furniture & Floor Covering	119.2	97.4	103.4	97.4-1	109.2	209.3	102.3
6	Household Appliances	87.0	57.3	77.7	87.0	57.3	110.8	56.6
4	Investment Trusts	175.4	125.7	168.4	175.4	125.7	406.2	113.3
3	Mail Order	152.5	125.1	139.3	131.5	132.6	418.6	127.5
4	Marine	73.0	61.7	68.0	72.2	63.2	93.7	60.1
3	Meat Packing	58.6	50.1	52.5	55.1	54.2	104.4	51.2
45	Petroleum & Natural Gas	133.6	102.1	127.0	133.6	106.7	171.7	104.5
6	Phon'phs & Radio (1927—100)	140.6	94.0	137.9	140.6	129.6	321.1	116.3
23	Public Utilities	272.5	224.5	264.7	272.5	224.9	388.4	194.2
11	Railroad Equipment	115.4	99.2	111.7	112.6	99.2	136.1	95.0
3	Restaurants	144.2	127.2	139.2	144.2	127.2	180.5	117.9
2	Shoe & Leather	91.8	79.4	87.8	91.8	79.4	178.3	76.3
2	Soft Drinks (1926 Cl.—100)	238.5	195.5	225.8	238.5	198.4	244.0	183.5
15	Steel & Iron	139.6	117.3	135.8	130.6	117.3	173.4	112.8
6	Sugar	45.1	39.5	42.8	41.5	39.7	81.6	39.2
2	Sulphur	252.5	214.0	237.9	252.5	214.0	296.2	191.4
3	Telephone & Telegraph	174.1	162.7	165.8	163.0	167.8	252.3	150.1
6	Textiles	70.2	49.9	63.7	69.4	49.9	128.5	48.1
8	Tire & Rubber	35.1	25.6	32.8	35.1	25.6	111.4	25.6
13	Tobacco	107.3	83.4	104.3	104.8	83.4	184.6	79.6
5	Traction	100.3	65.2	85.5	100.3	65.2	140.4	58.9
2	Variety Stores	97.3	78.6	80.7	78.0-1	88.7	138.8	83.9

1—New LOW record since 1928.



(An unweighted Index of weekly closing prices specially designed for investors. The 1930 Index includes 428 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our methods of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1. ***Be Brief.***
2. ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3. ***Special rates upon request to those requiring additional service.***
4. ***Write name and address plainly.***

VANADIUM CORP.

My broker tells me that Vanadium has wonderful profit possibilities because of its new titanium activities. I have a substantial profit on 25 shares bought early this year and am tempted to take it. What is your recommendation?—L. P. T., Lancaster, Pa.

While a slackening of trade in the last quarter of 1929 limited full year earnings of the Vanadium Corp. to $4.89 as against $3.15 a share for the first six months, the results, on the whole, were satisfactory. The net income in 1928 was equivalent to $4.55 a share. The somewhat longer term outlook for the company is extremely bright, particularly in view of possibilities from the new titanium mine in Virginia, on which Vanadium Corp. has options. While it will require from six to nine months to complete the new titanium activities, it is expected that earnings will benefit materially from this source. The company holds a virtual monopoly on vanadium and its market, and owns the richest known deposit of the ore, located in Peru. It also has a one-half interest in the Rhodesian Vanadium Corp. of South Africa. In addition to its vanadium activities, the company is engaged in the chemical industry, but these activities have not as yet reached a stage of development great enough to contribute materially to current earnings. New markets for vanadium are opening up constantly, but it is used chiefly in the steel and automotive industries. While near term earnings likely will feel the effect of the recession in the automotive industry the longer term outlook invites confidence and although prevailing quotations place a substantial premium on current earnings, present holders will in all probability realize important benefits over a period of a year or more.

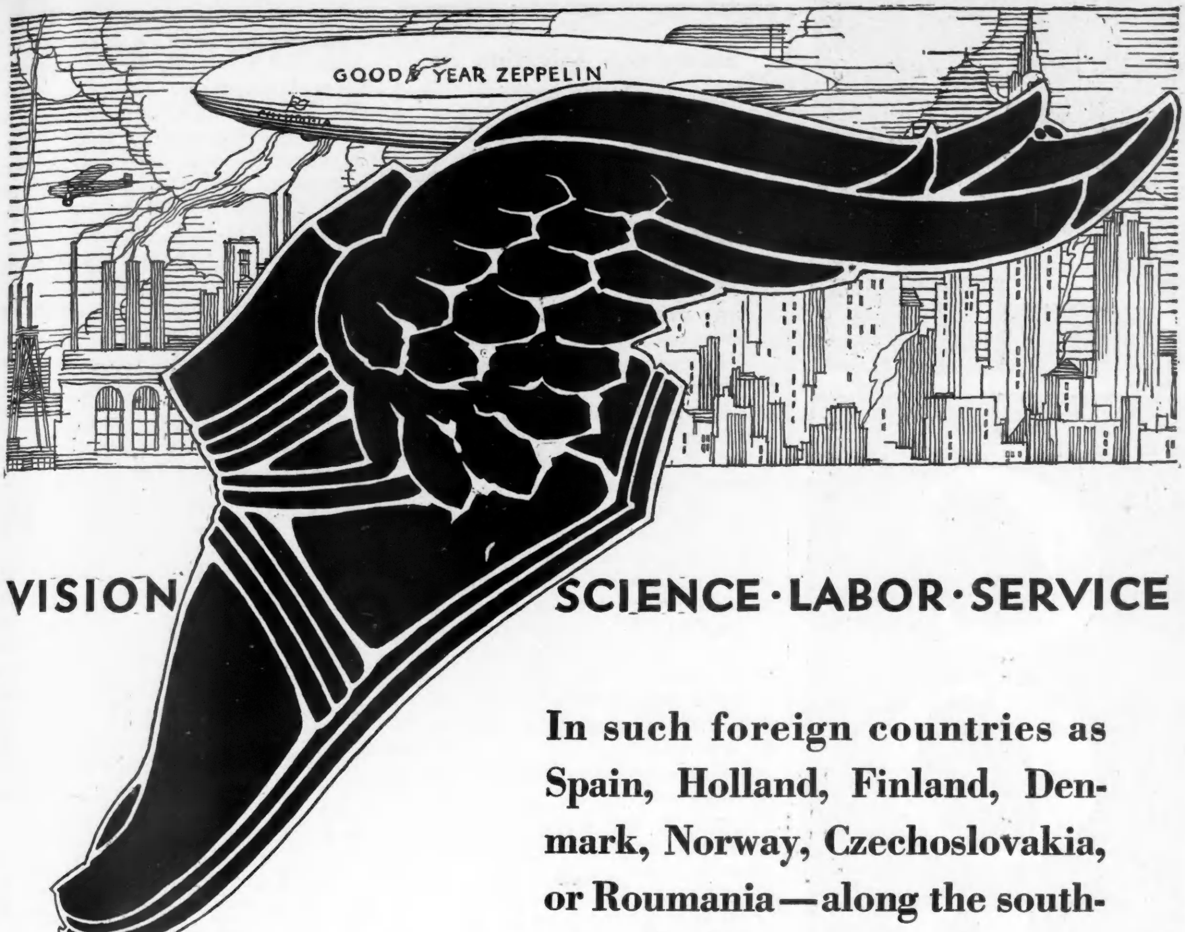
PURITY BAKERIES CORP.

Can you give me the reason for the recent weakness in Purity Bakeries common? Would you advise selling 25 shares now, even though I paid 10 points above the current market price? What are the merger possibilities of this company?—C. E. G., Austin, Tex.

The Purity Bakeries Corp. made a 17% gain in net earnings in 1929, although for the first nine months of the year, profits were 66% ahead of the net for the corresponding period of 1928. The earnings of the company fell off in the final quarter, in line with almost all of the leading baking companies, the net for the full year totalling $7.17 a share, as compared with $5.86 a share in 1928. The recession in the last quarter was the result of diminished buying power throughout the country and a reduction in the price of bread necessitated by keen competitive conditions. The recent softening of Purity Bakeries common undoubtedly was due to the falling off in the final three months and a general lack of market support for baking issues. However, the company ranks as the second largest unit in its field and the outlook for the current year is for a continuation of growth in sales and further expansion. The company now operates about 300 stores with many additions planned as opportunities present themselves. The position of the common stockholders has been improved by the retirement of the entire preferred issue, leaving only a funded debt of about $7,700,000 sinking fund 5% debentures ahead of the junior shares. Purity has been mentioned from time to time in connection with merger possibilities and while nothing definite has as yet been reported along these lines, the company is in a strategic position to take an important part in any linking of the baking interests. It is our

(Please turn to page 961)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect



VISION · SCIENCE · LABOR · SERVICE

In such foreign countries as Spain, Holland, Finland, Denmark, Norway, Czechoslovakia, or Roumania—along the southern Mediterranean shore in North Africa—as in North and South America—*"More people ride on Goodyear Tires than on any other kind."* The world's preference is unmistakably recorded in Goodyear's unparalleled production.

THE GREATEST NAME IN RUBBER

GOODYEAR

Safety the Salvation of Aviation

(Continued from page 919)

tain known temperatures. In flight over rugged country they were useless. A new invention is the radio altimeter which records the height of a plane directly over the surface by means of radio waves reflected from below.

The development of that instrument is of kindred importance with the equally new radio landing device which by means of a wireless beam would guide the plane down on a straight line and to the exact spot necessary for a safe landing on the field. Another instrument with possibilities is the wind-driven siren. A pilot approaching an emergency field at night or in storm starts the siren on his ship. The sound waves are of a frequency to which a ground instrument is tuned. The waves are picked up by a megaphone and amplified ten million times, affording enough power to automatically turn on the floodlights and help guide the craft to a safe landing.

There is the artificial horizon, a gyroscopic device which at all times maintains a level horizon on a dial in front of the pilot. In cloud, mist, fog or darkness he can keep his ship on a level keel by watching the dial which is always working, its level line exactly parallel with the true horizon which he cannot see.

There is the gyroscopic control for aircraft, the "robot" helmsman similar in operation to the automatic pilot now is use aboard ships. It keeps the plane level and on the course set for it, leaving the pilot free to check the drift of his plane as the wind tends to drive him sidewise off the course. Scores of other instruments are in the experimental stage, all representing the latest thought and discoveries of science and each calculated to contribute toward safety in the air.

An Experimental Stage

Practical aviation men are not content to wait for the perfect airplane, particularly as there is no such thing in sight. They are quite willing to play with wing slots, flaps, spoilers and other fixtures all of which have a tendency to make a plane behave under certain conditions. They are using metals wherever practicable to afford the maximum strength and make the ship less dangerous to its occupants in a crash.

They hope one day to go to the public with a machine which will float safely and gently to earth no matter what the pilot does, even should he desert the ship; but as yet they are trying to popularize flying with what they have available. At that there is an average of one patent daily filed in Washington, each different in some respects at least, and all worked out with the idea of contributing to safe flying.

Much of the capital invested in recent years has been devoted toward improvement of equipment and surface auxiliaries. The fact that the industry has been overcapitalized is neither here nor there. Those who have put their money in aeronautical enterprises only after investigating the integrity of the promoters shall in all probability get it back at some future date. The majority of the aircraft companies are sound, though many of them are now struggling to get started.

Aside from the ever-present effort to develop the safety factors there is another encouraging condition, something which all other industries have lacked in their early years. Investors need not fear that their company funds will be eaten up in patent litigation. Since 1917 the aircraft industry has been free from such controversies. All the principal patents are administered under a cross-licensing agreement between the Manufacturers Aircraft Association and the owners. All members and subscribers by paying a modest royalty fee based on their output have the right to use any or all the hundreds of patents.

That also is doing something for the safety campaign. When one manufacturer discovers something new he at once makes it available to the others; and they have the opportunity to improve upon it. Thus many experts are working on the same problems, pyramiding their knowledge and discoveries. In that there is no little hope that improvements in aircraft must follow at a steady progressive rate. As in everything else constant practice should make perfect, more particularly as popularity really depends upon such development.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

MARKET ACTION
is the title of a bulletin issued every week by a large financial service house, which will keep you advised of the opportunities offered with every turn of the market. Send for your complimentary copy today. (493).

TOBEY & KIRK MARKET LETTER
contains each week in addition to a resumé of the market some sound suggestions in specific investments. Send for your free copy. (498).

STOCK MARKET PROFITS—MAKING MONEY WITH MONEY
An interesting booklet, describing thoroughly tested and successful methods employed in profitable stock market trading. Also a unique "One Outstanding Stock" method for the investor with limited funds. (504).

FREE FOLDER
explains the advantages of guaranteed Income Time Certificates issued by progressive building and loan association. Affords highest type of safety and definite 6½% earnings for five-year term. Issued for $100 to $10,000—bond form with quarterly or semi-annual interest coupons. Non-fluctuating—transferable—renewable and tax exempt. (526).

A THIRD OF A CENTURY OF SOUND INVESTMENTS
This 16 page booklet should be sent for today. Issued by Clarence Hodson & Co., Inc., it outlines the growth of the House of Hudson and points out that the company has established, organized or financed 44 national banks, 6 state banks; 7 trust companies, 1 investment company and 4 insurance companies. Send for your free copy (569).

TRI-UTILITIES CORPORATION
More than $290,000,000 of public utility properties operating in 23 states and providing the necessities of power, gas and water to a population estimated in excess of 4,260,000 distinguish the Tri-Utilities Corporation system as an exceptionally interesting field for safe and profitable investment. Send for booklet 649 describing the various investments issued by this corporation.

GREATER AND QUICKER PROFIT
This interesting 12-page booklet, issued by the Investment Research Bureau, shows you just how to increase your stock market profits by turning your capital over at a faster pace than usually is possible by holding for the "long-pull"—or for several years. Send for your complimentary copy. (662).

HANDY MANUAL OF INVESTMENT TRUSTS
168 pages of statistical data on 146 leading companies, recently published in pocket size by an Investment Trust Security House. Send for your free copy. (664).

A LIST OF BONDS, PREFERRED AND COMMON STOCKS
is included in the 1930 recommendations contained in an interesting booklet issued by Newman Bros. & Worms, members New York Stock Exchange. Send today for your free copy. (669.)

NATIONAL WATER WORKS SECURITIES
What is the future for the securities of this public utility? You can secure a satisfactory answer if you send today for 681.

PRUDENCE-BONDS FOR PRUDENT PEOPLE
A brief description of how Prudence-Bonds are secured by conservative first mortgages on income producing properties and guaranteed by over $16,500,000 of the Prudence Company's capital, surplus and reserves. Its message is short, but its benefits are long. Ask for 691.

MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 30 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Saturday, March 15	88.79	270.25	151.36	224.35	222.62	1,580,730
Monday, March 17	89.04	274.26	151.63	226.72	222.75	3,639,640
Tuesday, March 18	89.27	277.27	154.26	230.14	226.56	4,241,300
Wednesday, March 19	89.49	277.88	155.27	232.00	227.99	4,336,260
Thursday, March 20	89.97	279.41	155.78	233.44	229.11	4,262,830
Friday, March 21	89.89	280.55	155.68	233.14	229.89	4,629,290
Saturday, March 22	89.79	276.43	155.11	232.28	228.56	2,314,900
Monday, March 24	89.71	279.11	155.61	232.63	229.25	4,126,140
Tuesday, March 25	89.46	280.50	155.47	234.71	231.00	4,526,050
Wednesday, March 26	89.45	[illegible]	155.88	235.03	231.21	5,029,340
Thursday, March 27	89.25	281.63	155.41	236.22	232.06	4,707,030
Friday, March 28	89.19	[illegible]	157.01	237.46	233.20	5,065,240

New York Stock Exchange

RAILS

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 3/26/30	Div'd $ Per Share
A								
Atchison	204	182⅝	298⅝	195½	240½	219⅜	236½	10
Do Pfd.	108½	102½	104⅞	99	105	102⅝	†105	5
Atlantic Coast Line	191½	157⅛	209½	161	175½	166	175¼	10
B								
Baltimore & Ohio	125⅝	103¾	145⅛	105	121	115	119⅜	7
Do Pfd.	85	77	81	75	82¾	78¼	81½	4
Brooklyn-Manhattan Transit	77¾	53⅝	81⅞	40	78⅜	63	74½	4
Do Pfd.	95⅜	82	92⅝	76½	92	84⅞	†91	6
C								
Canadian Pacific	253	195½	265⅞	185	226¾	187⅝	208⅛	10
Chesapeake & Ohio	218¾	175½	279¾	160	237½	203	232¼	10
C. M. & St. Paul & Pacific	40⅛	22¼	44⅞	16	26⅜	22⅛	24	..
Do Pfd.	59⅜	37	68⅝	28½	46½	39¼	41⅝	..
Chicago & Northwestern	94¼	78	108⅛	75	89⅞	84	86⅝	5
Chicago, Rock Is. & Pacific	139⅝	106	143½	101	125¼	114	122⅜	7
Do 7% Pfd.	111½	105	109	100	110⅜	107	†109	7
D								
Delaware & Hudson	226	163¼	226	141½	181	161⅛	176	9
Delaware, Lack. & Western	150	125¼	169¾	120¼	153	136	144½	7
E								
Erie R. R.	72½	48¾	93½	41½	63¾	55¾	58⅝	..
Do 1st Pfd.	63⅞	50	66¼	55½	67⅜	61⅜	66⅜	4
Do 2nd Pfd.	62	49¼	63⅞	52	62½	57⅛	†62½	4
G								
Great Northern Pfd.	114¾	93½	128¼	85⅛	101	95	100¾	5
H								
Hudson & Manhattan	73½	50⅛	58⅜	34⅛	53⅜	46⅜	51⅜	3½
I								
Illinois Central	148¾	131⅜	153½	116	131	128	129⅝	7
Interborough Rapid Transit	62	29	58⅜	15	39½	20⅜	33⅛	..
K								
Kansas City Southern	95	43	108⅞	60	83	77	80½	5
Do Pfd.	77	66½	70½	63	69½	67⅛	69	4
L								
Louisville & Nashville	159½	139⅝	154¾	110	82¾	70¼	80	4½
Lehigh Valley	116	84⅛	102¼	65	138	128	135	7
M								
Mo., Kansas & Texas	58	30½	65⅜	27⅛	62¾	46⅞	61⅛	..
Do Pfd.	109	101½	107½	93⅞	108¼	103	107½	7
Missouri Pacific	76¼	41⅞	101⅜	46	98½	87	†94	..
Do Pfd.	126⅞	105	149	105	145½	134	140	5
N								
New York Central	196½	156	256½	160	192¾	167	187	8
N. Y., Chic. & St. Louis	146	121¼	192⅜	110	144	130	139	6
N. Y., N. H. & Hartford	82⅜	54⅜	132½	80⅞	127¼	108⅝	124¼	6
N. Y., Ontario & Western	39	24	32	8	16	13⅛	15⅛	..
Norfolk & Western	198½	175	290	191	265	226	259⅞	10
Northern Pacific	118	92⅝	118⅞	75⅛	97	84	93½	5
P								
Pennsylvania	76⅞	61⅞	110	72½	85¼	72⅛	83¾	4
Pere Marquette	154	124⅞	260	140	163	150	†160	8
Pittsburgh & W. Va.	163	121¼	148¾	90	121¾	110	†112	6
R								
Reading	119⅝	94⅛	147¾	101½	141½	121	126⅞	4
Do 2nd Pfd.	59⅞	44	60⅝	43⅝	57	47¾	†49¼	2
S								
St. Louis-San Fran.	122	109	133⅜	101	115⅞	107⅝	115½	8
St. Louis-Southwestern	124½	67½	115¾	50	69⅜	59¼	67⅜	..
Seaboard Air Lines	30½	11⅝	21¾	9⅛	12½	9⅜	10⅛	..
Do Pfd.	38	17	41⅜	16¼	28	22¼	†24¼	..
Southern Pacific	131¼	117⅝	157½	105	127	119¼	124	6
Southern Railway	165	139½	162⅛	109	136¾	123⅛	130	8
Do Pfd.	102¼	96⅝	100	93	101	98	†99¼	5
U								
Union Pacific	224⅞	186½	297⅝	200	239⅝	215	337⅞	10
Do Pfd.	87¼	82⅛	85½	80	86	82¼	86	4
W								
Wabash	96¼	51	81⅜	40	60⅛	51	60	..
Do Pfd. A	102	88½	104⅞	82	87¾	83	87⅜	5
Western Maryland	54¾	31⅜	54	10	31⅞	24¼	30⅝	..
Do 2nd Pfd.	54⅞	33½	53½	14⅝	32	24½	32	..
Western Pacific	38½	28¼	41⅞	15	29⅝	21	†28¼	..
Do Pfd.	62½	52½	67⅝	37½	53½	40½	51	..

INDUSTRIALS AND MISCELLANEOUS

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 3/26/30	Div'd $ Per Share
A								
Adams Express	425	195	34	20	34⅞	23¼	33⅝	1.60
Air Reduction Inc.	99⅝	59	223⅝	77	146⅝	118	146	3
Alleghany Corp.	..	..	56½	17	34½	23	31½	..
Allied Chemical & Dye	252¾	146	354¾	197	292½	255¾	285	6
Allis Chalmers Mfg.	200	115⅛	75½	35⅛	68	49¼	64⅝	3
Amer. Agricultural Chem. Pfd.	79⅞	55⅝	73¾	18	35¼	26	31¼	..
Amer. Bank Note	159	74¾	157	65	96⅞	77	94	3
Amer. Brake Shoe & Fdy	49⅛	39⅞	62	40⅛	54⅝	46¾	53	2.40
American Can	177½	70⅛	184⅛	86	151½	117¼	147⅞	4
Amer. Car & Fdy	111½	88¼	106½	75	82½	65⅛	68½	6
Amer. & Foreign Power	85	22⅝	199½	50	101¼	82⅝	87¾	..
American Ice	46⅜	28	54	29	41⅝	35⅛	41⅛	4
Amer. International Corp.	150	71	96¾	29½	51¾	35⅜	47¼	2
Amer. Metal Co., Ltd	63¾	39	81¾	81½	51⅛	44	46¼	3
Amer. Power & Lt	95	62¼	175¾	64¼	114	77	111⅝	1
Amer. Radiator & S. S.	191½	130⅛	55⅜	28	38	30⅛	35⅛	1½
Amer. Rolling Mill	..	..	144⅝	60	100⅞	80½	91⅜	2
Amer. Smelting & Refining	293	169	130¼	62	78⅛	69⅞	74⅛	4
Amer. Steel Foundries	70⅜	50⅛	79⅞	35¾	52¼	44½	49¼	3
American Stores	..	..	514	120	53	46⅛	48⅛	2
Amer. Sugar Refining	93½	55	94⅜	56	69	60⅛	69	5

Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS—(*Continued*)

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 3/26/30	Div'd $ Per Share
Amer. Tel. & Tel.	211	172	310½	193¼	249¾	216	246⅛	9
Amer. Tobacco Com.	184⅝	152	232½	160	243¼	197	237	8
Amer. Type Founders	142¼	109⅞	181	115	141½	125	140	8
Amer. Water Works & Elec.	76½	52	199	50	112⅜	88⅛	109	1
American Woolen	32⅝	14	27⅞	5⅞	20¼	7½	15	..
Anaconda Copper Mining	120¼	54	140	67¼	80⅜	69½	75	7
Armour of Ill. Cl. A	28½	11⅛	18⅝	5⅛	7½	5¼	7⅛	..
Arnold-Constable Corp.	51¾	35¼	40⅞	6¼	12½	6⅜	10	..
Assoc. Dry Goods	75½	40¼	70¾	25	45⅞	28	42⅛	2½
Atlantic, Gulf & W. I. S.S. Line	59⅞	37⅛	86⅞	32⅛	80⅜	65½	†68½	..
Atlantic Refining	66½	50	77⅞	30	49¼	36¼	48¼	2
Auburn Auto	..	..	85	40	257¾	175½	248	4
B								
Baldwin Loco. Works	285	235	66⅝	15	38	30½	34½	1¾
Barnsdall Corp. Cl. A	53	20	49⅛	20	29½	20½	29	2
Beech Nut Packing	101¼	70⅝	101	45	...	...	...	..
Bendix Aviation	..	..	104⅜	25	50⅞	32⅞	49¾	2
Best & Co.	102	53¾	60⅞	25	45⅝	31⅛	45⅝	2
Bethlehem Steel Corp.	86⅜	51⅞	140⅜	78¼	107½	92	107⅛	6
Bohn Aluminum	..	..	136¾	37	59⅛	47⅞	57⅛	3
Borden Company	187	152	100½	53	76⅝	60½	75⅞	3
Borg-Warner	...	...	86⅞	26	48	32⅞	47⅜	4
Briggs Mfg.	63⅝	21⅛	63⅛	8½	20⅞	13½	20⅛	..
Bucyrus-Erie Co.	48¾	24⅛	43¾	14	31⅞	22⅛	31⅜	1
Burroughs Adding Mach.	249	139	96⅞	29	51⅞	43¼	48⅛	1
Byers & Co. (A. M.)	206¾	90½	192⅞	50	106¾	80⅛	105	..
C								
California Packing	82⅝	68½	84⅞	63⅛	77½	66⅝	73⅜	4
Calumet & Arizona Mining	133	89	136¾	73⅛	89⅞	74⅞	84	6
Calumet & Hecla	47⅜	20⅛	61⅞	25	33⅜	26	29	4½
Canada Dry Ginger Ale	86½	54⅞	98¾	45	75⅜	63¾	73⅝	5
Case, J. I.	515	247	467	130	294¾	192¼	276	6
Caterpillar Tractor	..	..	61	50¼	74½	54	74¼	3¼
Cerro de Pasco Copper	119	58⅛	120	52⅛	65⅜	57¾	63½	6
Chesapeake Corp.	81⅞	62¾	92	42⅛	76⅜	63½	75	3
Childs Co.	64	37	75⅞	44¼	67½	57½	65	2.40
Chrysler Corp.	140⅛	54¾	135	26	41¾	33¼	39	3
Coca-Cola Co.	180⅛	127	154⅛	101	177	133¼	173	6
Colorado Fuel & Iron	84⅛	52½	78⅛	27¾	67¼	36⅛	67⅛	2
Columbian Carbon	134¾	79	344	105	199	168⅛	187	6
Colum. Gas & Elec.	140⅞	89½	140	52	96¾	70⅛	95⅜	2
Commercial Solvent	250¼	137⅞	63	20⅛	34¾	27¼	34½	1
Commonwealth Southern	..	..	24¾	10	18¼	12¾	16¾	.60
Congoleum-Nairn, Inc.	31⅛	22	35¾	11	19¾	13⅛	18¾	..
Consolidated Gas of N. Y.	170¼	74	183¼	80⅛	123¾	96⅝	120	4
Continental Baking Cl. A	53⅛	26⅛	90	25¼	52½	39	42⅝	..
Continental Can, Inc.	128⅞	53	92	40½	69¾	50⅛	68½	2½
Continental Motors	20½	10	28⅝	6⅛	8¼	5⅝	6⅞	..
Continental Oil	..	..	47⅛	48	27⅜	19⅛	26½	..
Corn Products Refining	94	64⅜	126⅜	70	99⅜	87½	95⅞	3¾
Crucible Steel of Amer.	93	69¼	121¾	71	93⅝	84	89⅛	5
Curtiss Wright, Common	..	..	30⅛	6⅜	13½	6⅛	12⅞	..
Curtiss Wright, A	..	..	37⅞	13¼	19⅝	13⅜	18¾	..
D								
Davison Chemical	68¾	34⅜	69⅛	21¼	43¼	28⅝	42⅝	..
Drug, Inc.	120⅛	80	126⅛	69	87⅜	77	84	4
Du Pont de Nemours	503	310	231	80	139	112⅛	137	4.20
E								
Eastman Kodak Co.	194¼	163	264¾	150	244⅞	175¾	239½	8
Eaton Axle & Spring	68⅛	26	76⅜	18	37¼	27⅞	34⅜	3
Electric Auto Lite	136½	60	174	50	109¾	81	106	6
Elec. Power & Light	49⅝	28¾	86⅝	29⅛	81¾	49¼	79	1
Elec. Storage Battery	91⅛	69	104⅛	55	79¼	69¾	†75¼	5
F								
Federal Light & Traction	71	42	109	60⅛	90½	59⅝	†75	1½
Fox Film Cl. A	119⅝	72	105⅝	19⅛	39½	16½	29¼	..
Freeport Texas Co.	109¼	43	54⅞	23¾	47½	38⅛	47½	5
G								
General Amer. Tank Car	101	60⅞	123⅛	75	108¾	99⅝	105⅛	4
General Asphalt	94⅞	68	94¾	42¼	70⅜	49⅛	68¾	4
General Electric	221½	124	403	168⅛	79¾	60⅛	78	1.60
General Foods	..	..	81¾	35	55⅝	46⅛	48⅛	3
General Motors Corp.	224¾	130	91¾	33½	49¼	37⅛	47¾	3.30
General Railway Signal	123⅝	84¼	126⅛	70	103½	86⅛	101⅞	5
Gillette Safety Razor	123⅜	97⅛	143	80	106⅛	81½	87¼	5
Gold Dust Corp.	143¼	71	82	31½	46⅞	37¾	41¼	2½
Goodrich Co. (B. F.)	109¼	86⅛	105¾	38¼	58½	40¼	57	4
Goodyear Tire & Rubber	140	45⅛	154½	60	96⅜	62	94	5
Grandby Consol. Min., Smlt. & Pr.	93	39⅛	102⅞	46¼	59¾	51	57⅛	8
Great Western Sugar	38½	31	44	28	34½	28	33⅛	2.80
Gulf States Steel	73⅞	51	79	42	80	51⅞	72	4
H								
Hershey Chocolate	72½	80¾	143⅞	45	107⅝	70	106¾	5
Houston Oil of Texas	167	79	109	26	103⅝	52¼	101	..
Hudson Motor Car	99⅞	75	92½	38	62⅞	53⅝	56	5
Hupp Motor Car	84	29	82	18	24¾	20¼	21⅝	2
I								
Inland Steel	80	46	113	71	98	70⅝	94¾	4
Inspiration Consol. Copper	48⅞	18	68⅜	22	30⅞	26¼	28¾	4
Inter. Business Machines	166⅜	114	225	109	192¼	152½	182	6
Inter. Cement	94⅞	56	102¾	48	72⅜	55¾	71	4
Inter. Harvester	97⅞	80	142	65	96⅝	78⅜	93	2½
Inter. Nickel	269½	73⅝	72¾	25	43	31⅜	41⅞	1
Inter. Paper & Power "A"	86⅜	50	112	57	31¼	26	29	2.40
Inter. Tel. & Tel.	201	139⅛	149¼	53	75¾	62⅜	62¾	2
J								
Johns-Manville	202	96¼	242¾	90	148⅜	117	*130¾	3
Jewel Tea	179	77¾	84½	45	59	43	†57	..
K								
Kennecott Copper	156	80⅛	104⅞	49⅝	62⅜	54¼	58⅜	5
Kresge Co. (S. S.)	91¾	65	57⅛	28	9	8⅛	8½	..
Kroger Grocery & Baking	132⅛	73¼	122⅛	33¼	43⅛	37	39⅝	1

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS—(*Continued*)

	1928		1929		1930		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	3/26/30	Share
L								
Lambert Co.	136⅝	79½	157½	80⅝	108¾	97	106½	8
Lehn & Fink	64⅞	38	68½	28	34	29⅞	31⅜	3
Liggett & Myers Tob.	122½	83½	106	80⅛	111	91½	110⅝	5
Loew's Inc.	77	49⅛	84½	32	83½	42⅛	75	3
Loose-Wiles Biscuit	88¾	44¼	88⅜	39⅛	66⅞	50⅛	64½	2.70
Lorillard	46⅝	23¾	81½	14⅛	28½	16⅛	25⅛	..
M								
Mack Truck, Inc.	110	83	114¾	55⅛	86	70	84¾	6
Macy (R. H.)	187⅞	134	255½	110	159¼	137½	145	2
Magma Copper	75	43⅜	82½	35	52⅜	45	50	5
Mathieson Alkali	190	117¾	72⅜	29	49¾	37½	48½	2
May Dept. Stores	113½	75	108½	45⅛	61⅞	49	†58⅜	2
McKeesport Tin Plate	78⅝	62½	82	54	74⅞	61	73	4½
Mont. Ward & Co.	156½	115¼	156⅞	42⅝	49⅞	38¼	39⅝	3
Murray Corp.	124⅛	21½	100⅞	14⅞	24⅛	18	21½	..
N								
Nash Motor Co.	112	80¼	118⅞	40	58½	45⅝	46¾	6
National Biscuit	195¼	159½	236⅜	140	90⅞	71	88⅞	2.80
National Cash Register A	104¾	47¼	148¾	59	83½	60¼	65	4
National Dairy Prod.	133½	64½	86½	36	52⅞	45¼	51¼	2
National Lead	136	115	310	129¼	189½	137	176	8
National Power & Light	46⅝	21⅞	71¾	23	47⅜	32	44⅞	1
Nevada Consol. Copper	42⅜	17¾	62⅞	23¼	32⅜	26⅞	29	3
North American Co.	97	58⅝	186¾	66½	123	93⅜	120⅞	..
O								
Otis Elevator	285½	147⅛	55	22¼	80⅜	76	77½	2½
Otis Steel	40½	10½	55	22¼	36	30⅛	35½	2½
P								
Pacific Gas & Electric	56½	43½	98⅝	42	70⅞	52⅛	69	2
Pacific Lighting	85⅝	69	146½	58⅛	102½	72	99	3
Packard Motor Car	163	56¼	32½	13	23⅜	15⅜	22⅝	1
Paramount Publix	56⅝	47¼	75½	35	75¾	48⅝	75½	4
Penney (J. C.)	..	..	105¼	66	80	63	67	3
Phillips Petroleum	53⅞	35¼	47	24¼	38⅞	29⅛	38⅜	2
Prairie Oil & Gas	66⅝	59½	65⅝	40½	52¼	45	49	2
Prairie Pipe Line	..	..	65	45	60	54⅛	56	5
Public Service of N. J.	83½	41½	137⅞	54	104½	81½	101¼	3.40
Pullman, Inc.	94	77⅞	99¼	73	89⅜	81½	82½	4
Pure Oil	31¼	19	30⅜	20	25½	21½	24⅜	1½
Purity Bakeries	139⅝	75	148⅝	55	88⅞	74¼	75½	4
R								
Radio Corp. of America	420	85¼	114¾	26	53½	34⅜	49⅝	..
Remington-Rand	36½	23⅛	57⅞	20⅝	41⅞	21⅝	39	1.60
Republic Iron & Steel	94½	49⅛	146¼	62¼	81	72	74⅞	4
Reynolds (R. J.) Tob. Cl. B	165½	126	66	39	58⅝	49⅛	55½	3
Richfield Oil of Calif.	56	23½	49⅝	20	28¼	22¼	26¾	2
Royal Dutch	64	44⅝	64	43⅛	54⅝	49¼	52⅝	3.20
S								
Safeway Stores	201⅞	171	195¼	90⅛	122⅜	93¼	96⅞	5
Schulte Retail Stores	67½	35¾	41½	3½	13½	4¼	8¾	..
Sears, Roebuck & Co.	197½	82½	181	80	100⅝	82½	87⅞	2½
Shell Union Oil	39⅝	23¼	31⅝	19	23⅞	21	23⅞	1.40
Simmons Co.	101⅝	55¾	188	59½	94⅞	43¾	48½	3
Sinclair Consol. Oil Corp.	46¾	17⅞	45	21	28¼	21⅝	27⅞	2
Skelly Oil Corp.	42⅝	25	46½	28	35⅞	28⅞	35½	2
Standard Brands	..	..	44¾	20	29¼	22⅜	23⅝	1½
Standard Gas & Elec. Co.	84⅝	57⅞	243⅜	73½	124⅞	109¾	111⅜	3½
Standard Oil of Calif.	80	53	81⅞	51½	67	55½	65⅞	2½
Standard Oil of N. J.	59¾	37⅛	83	48	73⅜	58	72⅞	2
Standard Oil of N. Y.	45½	28¾	48⅛	31⅜	35⅞	31¼	35⅝	1.60
Sterling Securities, A	..	..	38	8¼	18¼	10⅛	17⅜	..
Stewart-Warner Speedometer	128⅛	77¼	77	30	44	38	40⅜	3½
Stone & Webster	..	..	201½	64	103	77	97⅝	4
Studebaker Corp.	87½	57	98	38¼	47¼	40⅜	41¼	5
T								
Texas Corp.	74⅝	59	71⅞	50	58⅜	50⅞	58	3
Texas Gulf Sulphur	82½	62⅛	85¼	42½	67⅜	54⅞	65⅜	4
Texas Pacific Coal & Oil	26⅝	12⅛	23⅞	9½	14½	8⅞	13¼	..
Tide Water Assoc. Oil	25	14⅜	23½	10	15⅜	10⅜	15⅛	.60
Timken Roller Bearing	154	112⅝	139⅜	58½	85	70⅜	81⅝	3
Transcontinental Oil	14½	6⅜	15⅛	5⅛	20⅞	16⅛	20¼	.30
U								
Underwood-Elliott-Fisher	93⅞	63	181⅜	82	138	97¼	127¼	5
Union Carbide & Carbon	209	136½	140	59	101	76	99⅝	2.60
United Aircraft & Trans.	..	..	162	31	84¼	43½	84	..
United Cigar Stores	34⅝	22⅞	27½	3	9	4	6	..
United Corp.	..	..	75½	19	42	30⅛	39½	..
United Fruit	148	131½	158½	99	105	86½	90⅝	4
United Gas Imp.	..	..	59⅝	22	40¼	31⅝	38	1.20
U. S. Cast Iron Pipe & Foundry	53	38	243⅝	95	33⅞	18½	33½	2
U. S. Industrial Alcohol	138	102½	55⅞	12	139⅜	98¼	105⅝	7
U. S. Realty	93⅝	61⅛	119½	50⅛	75½	60	72	5
U. S. Rubber	63¼	27	65	15	31½	21⅛	30¼	..
U. S. Smelting, Ref. & Mining	71½	39½	72⅞	29⅞	36½	29	34⅜	3½
U. S. Steel Corp.	172½	132⅜	261¾	150	193¼	166	190	7
V								
Vanadium Corp.	111½	60	116½	37½	124½	249⅞	114	4
W								
Warner Brothers Pictures	139¼	80⅞	64½	30	78⅞	38⅝	77¼	4
Western Union Tel.	201	139½	272¼	155	219⅜	177	177	8
Westinghouse Air Brake	57⅞	42½	67¾	26½	52	43⅜	48⅝	2
Westinghouse Elec. & Mfg.	144	88⅛	292⅝	100	195	140	182¾	5
White Motor	43¾	30¼	53½	27¼	37⅜	31	36¼	2
Willys-Overland	33	17⅜	35	5¼	10⅞	7½	9⅝	1.20
Woolworth Co. (F. W.)	225⅜	175½	103⅞	52¼	72⅜	58¾	63	2.40
Worthington Pump & Mach.	55	28	137⅝	43	134	67¼	129	..
Y								
Youngstown Sheet & Tube	115⅝	83½	168	91	180	166	147	5

* Ex-dividend. † Bid Price. § Script.

Securities Analyzed, Rated and Mentioned in This Issue

Important Dividend Announcements

NOTE—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Pay-able
$6.00	Allied Chem. & Dye com.	$1.50	Q	4-8	5-1
3.00	Am. Chain com.	.75	Q	4-10	4-20
7.00	Am. Com'wealths Pwr. 1st Pfd. Ser. A	1.75	Q	4-15	5-1
6.50	Am. Com'wealths Pwr. 1st Pfd. $6.50 Div. Ser.	1.63	Q	4-15	5-1
6.00	Am. Com'wealths Pwr. 1st Pfd. $6.00 Div. Ser.	1.50	Q	4-15	5-1
7.00	Am. Com'wealths Pwr. 2d Pfd. Ser. A	1.75	Q	4-15	5-1
7%	Am. Type Fdrs. Pfd.	1¾%	Q	4-5	4-15
8%	Am. Type Fdrs. com.	2%	Q	4-5	4-15
2.48	Assoc. Dry Gds. com.	.62	Q	4-12	5-1
7.00	Balt. & O. R.R. com.	1.75	Q	4-19	6-2
4.00	Balt. & O. R.R. pfd.	1.00	Q	4-19	6-2
.30	Cities Service com.	.02½	Mo	4-15	5-1
Stk	Cities Service com.	½%	Mo	4-15	5-1
6.00	Cities Service pfds.	.50	Mo	4-15	5-1
8.00	Commonwealth Edison.	2.00	Q	4-15	5-1
5.00	Crucible Steel com.	1.25	Q	4-15	4-30
—	E. I. du Pont de Nemours Deb.	1.50	—	4-10	4-25
6.00	Elec. Bd. & Sh. pfd.	1.50	Q	4-10	5-1
1.00	Elec. Pr. & Lt. com.	.25	Q	4-8	5-1
6.00	Gen'l Motors 6% deb.	1.50	Q	4-7	5-1
6.00	Gen'l Motors 6% pfd.	1.50	Q	4-7	5-1
7.00	Gen'l Motors 7% pfd.	1.75	Q	4-7	5-1
2.50	Gold Dust com.	.62½	Q	4-10	5-1
2.00	Hupp Motor	.50	Q	4-15	5-1
2.00	Independent O. & G.	.50	Q	4-15	4-30
4.00	Kayser, Julius, com.	1.00	Q	4-15	5-1
4.00	Liquid Carbonic	1.00	Q	4-12	5-1
2.60	Loose-Wiles com.	.65	Q	4-18	5-1
Ext	Loose-Wiles com.	.10	—	4-18	5-1
2.00	Mid-Cont. Pet. com.	.50	Q	4-15	5-15
6.00	Nat. Pr. & Lt. pfd.	1.50	Q	4-8	5-1
6.00	Pitts. & W. Va. Ry.	1.50	Q	4-15	4-30
6.00	St. L.-San Fr. Ry. pfd.	1.50	Q	4-12	5-1
Stk	Sears-Roebuck	1%	—	4-14	5-1
3.00	Seeman Bros. Inc. com.	.75	Q	4-15	5-1
—	Transcont'l Oil, new	.30	—	4-15	5-1
1.00	Unit. Lt. & P. com. A	.25	Q	4-15	5-1
1.00	Unit. Lt. & P. com. B	.25	Q	4-15	5-1
5.00	Wabash pfd. A	1.25	Q	4-19	5-24
7%	W. Penn Pwr. 7% Cum. Pfd.	1¾%	Q	4-5	5-1
6%	W. Penn Pwr. 6% Cum. Pfd.	1½%	Q	4-5	5-1
3.00	Wrigley, Wm., Jr.	.25	Mo	4-19	5-1

Why Debtor Europe Is a Buyer of American Securities

(Continued from page 917)

safe to predict that Great Britain will invest during the year 1930 at least $300,000,000 in American securities of all descriptions. This sum will be exclusive of the amount that the British Government will spend in the purchase of Liberty Bonds which will be handed over to the American Government in settlement of the yearly installment due on the British War Debt Agreement. In addition to this we find, by similar calculations, a strong investment position for France, Holland, Sweden, Norway, Denmark and Switzerland, which leads to the estimate of combined investment in American securities for foreign account of well in excess of half a billion dollars for the year 1930.

Such buying is indeed a market factor to be recognized, while the disbursement of expected American foreign loan proceeds constitutes a major business influence in the recovery of American prosperity.

Rock Island

(Continued from page 931)

Since reorganization, however, the road has demonstrated its ability to support its funded debt with a satisfactory margin of safety and in later years, pay a generous dividend to common shareholders. This is, in the final analysis, the real test of any capital set-up.

Handicapped by the conditions attending the entry of the United States into the World War, the Rock Island had no opportunity to display its real earning power until several years after the discharge of the receiver and it was not until 1921 that earnings were sufficient to meet fixed charges and preferred stock dividends with something left for the common. In 1924, however, the road began to hit its stride, earning the equivalent of $4.36 per share on the common, followed by $4.56 in 1925. The next year gross increased sharply accompanied by a marked decline in operating expenses with the result that the common earned $10.67 and early in 1927 dividends were resumed on the junior issue at the rate of $5 annually. A year later the rate was increased to $6 following earnings of $12.08 per share for the year 1927. The upward trend was sustained in 1928, the final results showing $12.91 per share for the common and in line with the apparent policy of paying out about 50% of earnings in dividends, the rate was again increased to $7, about a year ago.

A Peak in Earnings

Last year earnings mounted to $14.04 per share of common and this record-breaking showing has given rise to some conjecture as to the possibility of dividends being increased to $8. Such action, however, does not appear likely in the immediate future. The 1930 budget of expenditures for additional mileage and new equipment is the largest in the road's history and the prevailing dividend rate bears a conservative relation to prospective current earnings which, depending upon general conditions in the later months, may possibly show a moderate decline.

For the purpose of furnishing a portion of the funds required to meet the 1930 budget, stockholders at a meeting to be held May 1st, will be asked to approve the issuance of $32,228,000 30-year 4½% convertible bonds. The issue will be convertible into common stock at $125 per share until May 1st, 1940. Both preferred and common stockholders as of record March 7th were given the privilege to subscribe for these bonds up to 25% of their holdings and the "rights" have a value of about $2. A large investment trust holding Rock Island common has objected to this financing on the contention that by extending the subscription privilege to preferred stockholders a dilution of the common stock would result. It has been officially intimated, however, that the management is assured of the necessary two-thirds vote to carry out the proposed plan.

From time to time it has been rumored that consideration was being given to a suitable plan for the retirement of 6% and 7% preferred stock, both of which issues carry low redemption prices. This action could in all probability be carried out by substituting another preferred issue carrying a lower dividend rate, and by the sale of additional common stock, but readjustment of the preferred stock may possibly be held in abeyance until some definite plan for the merger of Rock Island and 'Frisco has been worked out.

Attractive Investment

It is a practical certainty that sooner or later a merger of these two roads will be consummated. 'Frisco now holds 183,332 shares of Rock Island common; the lines of both roads are complementary rather than competitive; and the 1929 Consolidation Plan of the I. C. C. provides for their unification. Railroad mergers, however, are a slow process and to date have

been lacking potency as a market factor. Nevertheless, Rock Island common on its own merits commends itself to investment consideration as an attractive medium for income and eventual price appreciation. Selling around 121; the shares are priced low in relation to earnings in comparison with other rails of similar calibre and afford a liberal yield of 5.75%.

United Corp.

(*Continued from page 937*)

a common share. The market value of the holdings at the end of the year increased the common stock equity to $33.59, while recent prices have raised that equity to more than $44.

Considering the large resources at the command of the corporation and the high potentialities in the merger prospects, with the indicated possibilities of enlarged earnings on the common stock, as well as the appreciation accruing to the common equity in consequence of the prospective developments, the recent price around 44 presents an opportunity of obtaining a speculative non-dividend payer that has excellent public utility diversification. It ranged last year on the Stock Exchange between a high of 75½ and a low of 19.

Insurance Department

(*Continued from page 947*)

tempts in this direction are frowned on by politicians who think it savors of discrimination against the small policyholder.

The usual policy contract includes a Table of Cash, Loan, and Surrender Values by which it is an easy matter for the insured to determine each year the amount available for such purposes. But while the policy loan privilege provides a means of financial help in time of need, a man should hesitate to take advantage of it except as the last resource. The keener the need for money, the greater the necessity to guard the family protection in event of the breadwinner's untimely passing. Too many men have become chronic borrowers on their life insurance policies, overlooking the original purpose for which it was taken—the protection of dependents when the head of the family is called to his last Home. Unnecessary loans should not defeat the purpose of this protection, and when occasion arises to use the loan privilege,

the insured should clear his obligation immediately the financial stringency has passed.

Loans Reduce Protection

The shocked expression of surprise and despair on the face of a widow who, in presenting a policy claim on her husband's death, is told of large unpaid loans against the insurance is an unpleasant experience in life insurance offices. It frequently happens that the insured had secured and with optimis-beneficiary had never even been told of the existence of the loans which the tic negligence "hoped to pay off some time."

Policy loans should be taken with a serious mind and thoughtful outlook towards the future. There should be in the mind of every such policyholder a definite purpose to repay the loan at the earliest possible moment, and to accumulate the funds for such payment as soon as the immediate financial stress has eased—even though such repayment of the obligation may not only "pinch" but *hurt* the borrower who carries life insurance for the protection of his dependents.

Answers to Inquiries

(*Continued from page* 950)

opinion that the stock is attractive for those willing to exercise patience and retain through intermediate market fluctations.

QUAKER OATS CO.

I would appreciate your analysis of the outlook for the Quaker Oats Co. Is a stock split-up scheduled in the near future? Unless this development is likely I contemplate taking a profit of $1,000 which I have on 30 shares. What is your advice?—G. T. C., Sheboygan, Wis.

An outstanding manufacturer of cereal foods, the Quaker Oats Co. has spread its products throughout the civilized world and has shown almost uninterrupted growth of earnings. The net earnings of the company for the year ended December 31st, 1929, were equivalent to $13.08 per share, compared with $12.39 in 1928 and $11.60 in 1927. The company has been extremely liberal in the matter of dividends and extras to stockholders. The common stock is on a regular annual dividend basis of $4 a share but this rate has constantly been augmented by extra payments both in cash and stock. A $4 cash extra was paid on April 15th, 1929, with a 4% stock dividend in the same month. Thus far

in the current year extra payments of $4 in cash and 20% in stock have been declared. Quaker Oats ranks with the strongest companies in strength of financial position. The balance sheet as of December 31st, 1929, disclosed current assets of $36,650,145 against current liabilities of $8,656,242, or a ratio of better than 4 to 1. Cash and Government securities alone totalled more than $12,000,000. The surplus for the year was $1,842,836, bringing the total surplus to $17,810,223. The shares are currently selling at more than than 20 times 1929 earnings, but the liberal dividend policy of the management offsets this high ratio. However, a split-up of the shares would seem logical as the company is expanding rapidly, and the stock at current levels is out of the reach of a great many investors. We feel that patience eventually will bring greater profits, and suggest that you hold the stock.

BARNSDALL CORP.

To what extent is Barnsdall affected by the proration agreement in the production of crude oil? Is it likely to keep Barnsdall from participating in any general advance in the oils? Do you think I would be better off to switch to some other oil stock right away? I have 100 shares of Barnsdall at 44.—T. C. G., Flint, Mich.

From present indications it would seem that the Barnsdall Corp. intends to fully cooperate with the plans of the Federal Oil Conservation Board for the restriction of refinery runs. While operations during the past year were carried on in harmony with proration attempts, earnings showed an expansion of 78% over the levels of 1928. Net income of $7,205,161 after interest, Federal taxes, depreciation, depletion, etc., was equivalent to $3.20 on the 2,247,602 average shares of combined class A and class B outstanding during the year. This compares with net of $4,039,861 or $3.13 a share on 1,288,592 average number of combined shares outstanding during 1928. Furthermore, funded debt was entirely redeemed during the year, and financial position at the close of the period showed further improvement, with the ratio of net current assets to net current liabilities about 4 to 1. The results of recent proration tests in California reveal the company to be currently producing well under the allowable rate in the Elwood Terrace field and output from this source could be increased during the near future. Operations for the first quarter of the year are expected to cover dividend requirements of 50 cents quarterly by a small margin, but, based on past results, earnings should show up better later in the year. While general trade conditions are still extremely uncertain and will probably retard any general advance in the oil shares, Barnsdall is conservatively valued, in our opinion, and for those willing to assume a speculative risk and hold over a reasonable period of time, the issue might readily experience some recovery from present levels.

NATIONAL SUPPLY CO. OF DELAWARE

Owing to the strong trend to curtailment in oil production, I have been thinking of selling 20 shares of National Supply common which cost me 122. Do you think this would be a wise move? What is the present outlook for National Supply?—L. B. B., Baltimore, Md.

Engaged directly and through subsidiaries in the manufacture and sale of equipment, machinery and supplies for all branches of the oil industry, the National Supply Co. is carrying on a business originally established about thirty-five years ago. Earnings in each year since organization of the present company in 1922 have covered the preferred dividend at least four times and have amounted to at least 10% on the common stock, although they have fluctuated widely from year to year with changing conditions in the oil industry. Report for the year ended December 31st, 1929, shows net income of $3,715,974 after interest, Federal taxes, depreciation, etc., equivalent, after preferred dividends, to $11.48 a share on 300,000 shares of common stock. This compares favorably with net of $3,371,739 or $9.59 a share in 1928. A strong financial position has been maintained in the past several years and plants, inventories and liquid assets are in such shape to enable the company to take full advantage of an increased volume of business. Proration of oil production and the consequent curtailment of drilling operations, may somewhat restrict earnings during the near term, but should tend to stabilize requirements for equipment over a period of years. Therefore, while the shares are primarily attractive for the longer term, prospects for the future would seem to warrant retention of present commitments.

MINNEAPOLIS-MOLINE POWER IMPLEMENT CO.

Will you please let me have your rating of the Minneapolis-Moline Power Implement Co. based on the balance sheet issued as of December 31, 1929? What are the prospects for this company in view of the declining commodity prices and the uncertain agricultural outlook? Would you advise taking a loss of over $600 on 50 shares of the common which I hold?—J. B. K., Birmingham, Ala.

Although 1929 earnings of the Minneapolis-Moline Power Implement Co.

were less satisfactory than those of the constituent units in the previous year, a direct comparison can hardly be made as the company in its present form is but little more than a year old, and non-recurring expenses were absorbed last year. The company was formed in 1928 as a combination of three well established units in the agricultural machinery industry, but the full benefits from the merger will not be realized until more time has transpired. The balance sheet as of December 31st, 1929, showed total sales of $17,252,429, as compared with $18,335,860 for 1928 but costs and non-recurring expenses amounted to $15,358,125 in 1929 as against costs of $14,974,963 in the previous year. Certain organization expenses totaled $43,750 and depreciation costs were higher. The 1929 net was equal to $1.87 as against $3.56 in 1928, but this loss may be attributed directly to merger expenses. The current financial position of the company is impressive, as current assets were twelve times the current debt, while cash alone almost covered current liabilities. Lower farm prices are not likely to restrict tractor sales but conditions in the tractor industry are becoming highly competitive. However, the longer term outlook remains impressive, and while the shares are admittedly speculative we see no reason to dispose of your holdings at a substantial loss, since you have held the stock through its worst period. Retention for the longer term seems to be the sounder course, since organization expenses now are out of the way.

AMERICAN ICE CO.

In view of the steady growth of electric refrigeration, would you recommend selling 50 shares of American Ice common for which I paid 45? I shall be guided by your judgment. Is the stock likely to have a seasonal run-up which would enable me to get out even?—M. F. O., Port Chester, N. Y.

While mechanical refrigeration has cut sharply into the profits of the natural ice companies, the loss to the latter group has been more than offset by the steady increase in the number of smaller consumers of ice. The 1929 earnings report of the American Ice Co., the leading manufacturer and distributor of ice in the North Atlantic district of the United States, brings this fact clearly to light. The net income last year totaled $3,431,124 as against $3,252,362 for 1928. The 1929 net was equivalent to $4.22 a share compared with $3.92 in 1928 and $2.92 in 1927. Thus, while the use of mechanical refrigeration has shown steady growth, American Ice Co.'s earnings have increased consistently, which seems to indicate that there is room for both kinds of refrigeration. The ice

business nominally is at low levels during the first three months of the year, but, while returns in the quarter just ended will be small, the sales volume for the full year should compare favorably with 1929 provided that summer weather conditions are satisfactory. The shares are not overvalued in relation to earnings and the company's importance and past record lends them a degree of speculative attraction. We advise holding.

SHELL-UNION OIL CORP.

Shell-Union did not show any "life" during the recent flurry in the oils. I am greatly disappointed with my investment in this stock but don't want to get out just before a move. Would I profit most, in your opinion, by holding on or by taking a loss of $300 on 50 shares in order to put my capital into some other stock?—S. L. H., Tacoma, Wash.

The Shell Union Oil Corp. was formed seven years ago and today represents the leading factor in the Royal Dutch Shell group, ranking as the third largest producer of crude in the United States, as well as an important refiner and distributor. After heavy depreciation, depletion and similar charges, the company has shown since organization an average annual net income of $19,735,000 or $1.97 per share of stock as outstanding at the end of 1928. Although profits for the first nine months of 1929 showed an increase of 21%, per share returns declined to $1.39 as against $1.54 in the similar 1928 period, because of larger capitalization outstanding. It is unlikely therefore, the full year 1929 results will surpass the $2.04 reported for the full 1928 year. Expansion of facilities, which has been carried on extensively, should ultimately bring materially larger earnings and the combining of foreign control and large export interests with a nation-wide and aggressive domestic marketing policy places the company in a favorable position to take advantage of such recovery as will eventually occur in the oil industry. While we see nothing in the current situation to anticipate marked near term price appreciation, all indications are that the company will continue to grow and we do not advise a sacrifice sale at existing levels.

COLGATE-PALMOLIVE-PEET CO.

What is your opinion of Colgate-Palmolive-Peet common considering its recent pamphlet report for the year ended December 31, 1929? Is this stock an attractive holding under present conditions? Have there been any definite developments as to the merging of the company into the proposed International Quality Products Corporation and how would this affect my stock?—C. L. H., Greensboro, N. C.

The Colgate-Palmolive-Peet Co. was

formed as a merger of the Colgate and Palmolive-Peet companies in 1928 and is engaged in the manufacture of soaps, shaving creams and toilet articles. Operations for the year ended December 31st, 1929, resulted in net income of $8,910,631, equivalent after preferred dividend requirements to $4.03 a common share. Although no direct comparison is available with previous years, this showing represents a substantial gain over the net of $6,127,000 or $2.60 a common share reported for 1928, which include operations of the combined companies for only six months. Financial position is sound with current assets of $34,026,354 against current liabilities of $6,717,573 indicating a net working capital of $27,308,781. Prospects for the current year are favorable and as its products may be classed as necessities, the outlook is for steady expansion in prestige and profits. While the common stock at existing quotations is not undervalued in relation to earnings and does not promise material near term advancement, there seems no justification for disposing of commitments made for holding over a reasonable period. Plans for the consolidation of this company with the Hershey Chocolate Co. and the Kraft-Phenix Cheese Corp. through the organization of a holding company to be known as the International Quality Products Corp. have been definitely dropped.

FEDERAL LIGHT & TRACTION

I have 40 shares of Federal Light & Traction common which I can sell with a slight profit. Would you recommend doing so now that the news of acquisition by Cities Service has been published? Do you regard this new development as a favorable factor?—J. G. W., Rock Island, Ill.

The system operated by the Federal Light and Traction Co. is widespread geographically and comprises a group of utility properties serving communities in Arkansas, Arizona, Colorado, Mississippi, New Mexico, Washington and Wyoming. It also controls the New Brunswick Power Co., operating the properties in St. John and vicinity. Earnings have shown stability and moderate expansion in the past, both in gross and net. Expansion in gross revenues of approximately 7.6% in 1929 amounted to $8,515,666 and net (before depreciation) to $2,036,632, compared with net of $1,966,075 in 1928. The recent acquisition of this company by Cities Service should prove of mutual benefit to both organizations and may be regarded in the light of a constructive development. The merger will bring together two companies with combined annual gross earnings of well over $50,000,000 and assets of considerably more than $1,000,000,000. The properties involved tie in very well with the present properties of the Cities Service and should add approximately $9,000,000 to utility earnings of the latter company this year. The acquisition also gives Cities Service a new outlet for its natural gas service which comprises one of the largest systems of its kind in the country. While no announcement has been made regarding any exchange offer for Federal Light shares, we believe it advisable to retain present holdings, with a view toward developments.

How to Organize An Investment Club

(*Continued from page 946*)

hereinbefore provided in cases of withdrawals.

3. Within ten days of notice to the managers of the death of a participant, the redemption value of his units shall be computed on the basis hereinbefore provided in cases of withdrawals, as soon as possible thereafter the amount thereof to be paid to the person or persons legally entitled thereto.

I, ——— hereby agree to be governed by the foregoing rules, a copy of which has been delivered to me this day.

Witness my hand and seal this —— day of ——— 1930.

.... seal

Witness ....

Trade Tendencies

(*Continued from page 948*)

Since the middle of last month, the chief manufacturers of small automobiles have reduced operating schedules substantially on finding demand inadequate. Makers of larger vehicles have been proceeding cautiously since last Fall. While these conservative practices are currently retarding steel activity, they are clearing inventories in manufacturers' and dealers' hands and will bring about a quicker response when motor buying does pick up. Purchases of railroad equipment have been in declining volume since February and the comparatively few inquiries outstanding at present would denote a continuance of this trend. However, equipment shops have enough unfilled orders on their books to allow them to run them at capacity well through the mid-

One Outstanding Stock!

The American Institute of Finance—at the stock market peaks of 1929—repeatedly warned its clients, in unmistakable terms, of the inevitable "collapse" ahead.

Following the "collapse," since November, 1929, it has recommended, for the first time in well over a year, the full use of funds in conservative speculation, or speculative-investment.

In addition, for the client with a moderate capital—to whom picking and choosing from a broad list of recommendations is a decided burden—the Institute recommends ONE OUTSTANDING PURCHASE — an issue combining soundness, with satisfactory profit prospects.

ONLY TWO MONTHS AGO, when a certain individual stock — which, four months previously had been widely recommended by many, around 150, as a most profitable speculation on the future of one of our most rapidly growing industries—was selling below $50.00 a share, the Institute recommended it as AN OUTSTANDING INDIVIDUAL PURCHASE. This stock is now selling around 86.

ONCE AGAIN—the Institute is again recommending as AN OUTSTANDING INDIVIDUAL PURCHASE, the stock of a company in the leading position in its industry, the outlook for which in 1930 is most satisfactory. The stock at current price levels gives a return of approximately 7½% on the investment.

Whether you have funds liquid, waiting for just such an opportunity — or whether you have losses and perhaps being "tied up," you are now naturally looking for sound securities on which to recover lost ground, YOU SHOULD KNOW THIS STOCK.

Whether you become a client of the Institute or not, we are interested in having you see and understand the present position of this ONE INDIVIDUAL ISSUE.

To do so, all that is necessary is to simply sign and return the blank below—no obligation whatsoever.

American Institute of Finance

260 Tremont Street, Boston, Mass.

AMERICAN INSTITUTE OF FINANCE,
260 Tremont St., Boston, Mass.

Please send me FREE Bulletin MWAP.

Name ....

Street ....

City and State..

Print plainly, please. No salesman will call.

dle of the year; so that decreased steel requirements in this quarter are not an immediate source of concern.

Whatever increases do materialize in steel output will reflect heavier demand from construction, shipbuilding, pipe and equipment lines which should become more active as the season advances.

Price trends are progressing uncertainly. While no declines are openly quotable, with the single exception of a drop in Southern pig iron, concessions from listed quotations have been reported in many instances. It is generally thought, however, that prices will become more stable as buying increases.

It has been pointed out that backlogs in many mills are unseasonably light; but, by and large, inventories are at low levels and producers are in a position to respond to the slightest upturn in demand.

AUTOMOBILE

Immediate Outlook Unimpressive

Despite the declining trend in automotive output witnessed throughout the last half of 1929 and the meager revival achieved so far this year, the automobile industry is still suffering from the effects of the market glut brought about by excessive production last year—a condition that is intensified by the present curtailment of luxury purchases that naturally accompanies the existing industrial situation.

As the advance of the current season fails to bring forth the expected response in demand for new cars, estimates for the annual output are being revised downward and the most acceptable figure at present places yearly production at 4,000,000 vehicles. Of this number, two manufacturers, Ford and General Motors, are expected to turn out about 75%, leaving around one million units for the rest of the industry.

Besides the unfavorable consumption aspect, various other factors will have an adverse influence on earnings of the industry as a whole and most of them center around the used car situation. This problem has held a growing threat to the industry for the past few years and at the present time is particularly pressing. In the struggle for whatever demand for new cars develops, many dealers are prone to make unwarrantedly large allowances on trade ins which are resold sometimes at a heavy loss, thus cutting profit margins to an inadequate figure and at the same time further narrowing the market for new models. Apparently the

only solution to this problem is to scrap the used cars that come on the market and a few manufacturers are helping dealers to do this; but the number of old models outstanding is so large that this process must be carried on for some time before the effects will become noticeable and in the course of such action profits must undergo additional narrowing.

COPPER

High Stocks Still a Menace

The copper situation seems to have settled down to an endurance contest between large American producers and the law of supply and demand with copper interest to all appearances grimly determined to keep the quotation for electrolytic at 18 cents, the prevailing level since April, 1929, despite excessive stocks, curtailed demand and an antagonistic consumer attitude.

To offset the abrupt decline in consumption, large producers have curtailed production some 20.8% since October; but shipments have dropped approximately 42.5% in the same period and stocks in North and South America have mounted to 233,123 tons as of March 1st, the highest figure reached since 1922 when the copper industry was laboring to clear excessive post-war accumulations. Since these stocks are large enough to cover consumption in the United States for the next six months and since further reductions in output will be difficult and costly, it may readily be seen that copper companies are in a vulnerable position, from a statistical viewpoint, at any rate. It is difficult to see what the large copper companies hope to accomplish from an earnings standpoint by the price stabilization fight they have been waging for the past half year. Normally, these concerns use by far the greater proportion of their output in the manufacture of their own products and thus the market price should not be as much a fighting matter with them as it is with the smaller or the custom smelter, high cost producers who must sell their raw metal. In fact, it would seem that the major interests are bearing the brunt of curtailment and that the high-cost producers were benefiting by their efforts.

Apart from the immediate aspects, the currently unwarranted cost of copper is injuring the status of the industry in general. European and African interests are becoming more strongly entrenched by the natural preference being shown their lower priced product by foreign consumers. While these sources will probably never supplant American copper in foreign territories, they are offering increasingly severe

competition and it is significant to note that foreign shipments of refined copper in 1929 declined 13% from the preceding year. Then, too, dear copper is inviting the use of cheaper substitutes. A distinct trend towards the use of lighter metals is noted in the building trade. Last year France used a considerable amount of aluminum in electrification projects, thereby saving about half the cost of copper installation, though some allowance must be made for the lesser durability of the former metal.

To date, consumers have kept purchases on a strictly hand to mouth basis, partly in an attempt to break the cartel's price and partly because lower quotations in the next few months are not outside of the realm of possibilities. Restricted demand seems indicated as long as current prices are maintained. It is thought that producers are well past the point of diminishing returns on 18-cent copper. Consequently, giving due weight to all factors involved, a reduction in the price structure would seem to be the part of wisdom and the logical remedy for the current situation, even though it would temporarily result in lower profits.

Whichever way the wind blows, earnings for copper companies are going to be materially curtailed for the first half year at least. If stabilization programs are continued, the probabilities are that the ultimate recovery of the industry will be delayed until the inevitable readjustment occurs — and the longer this readjustment is delayed, the more severe will be its extent.

Natural Gas—Rising Investment Factor in Utilities and Oils

(*Continued from page 927*)

same quantity of manufactured gas. It is therefore small wonder that in many communities the turning-on of natural gas has been made the occasion for a public celebration.

In addition, so low is the cost of natural gas at the wells that it pays the gas companies to make very special arrangements, such as rates ranging from 12 to 25 cents a thousand cubic feet, to large consumers of gas, such as factories, power stations, hotels, restaurants, etc., and also to offer specially low rates for domestic purposes like house-heating, which uses large amounts of gas, such rates not being practicable for the typical manufactured gas company.

It is not intended to suggest that there is any necessary rivalry or antagonism between natural and manufactured gas companies. The fact simply is that they operate under very *different* economic circumstances. Natural gas is a wasting asset, like any other mineral product, which can be extracted and transmitted at relatively low cost, but cannot be produced; manufactured gas is the product of a manufacturing process, whose raw materials, coal and gas oil, will continue to be available for many years but which have to be processed at a relatively high manufacturing cost. It is expected that one of the major developments of the next few years will be the increasing cooperation of natural gas companies with distributors of manufactured gas, so that the former may enrich the average quality of the gas as supplied through the city mains. The natural gas producer will in this way achieve a broader market for his gas, at a higher price, and at a slower rate of exhaustion of his original supply. The manufactured gas company, on the other hand, will be able to achieve great economies in operation, through mixing the rich natural gas with valuable but "lean" gas not now available because of legal standard requirements, through postponing the construction of new generating capacity, and possibly through greater flexibility in its rate structure.

Even before this stage is reached, however, it is easy to see that the movement toward consolidation within the natural gas industry will have gained great headway, with its present momentum. Not only are all the usual economic motives for consolidation present: economy of operation through larger outlets, lower financing costs, diversification of loads, and smaller proportion of unused capacity, but in addition, failure of gas service is far more vital than failure of electrical service, for example. Gas burners going out through lack of gas supply and remaining open, and pipes filling up with air, may have more serious consequences than being left in darkness for a few minutes. Whatever the consolidation trend can do toward eliminating these hazards will further the future of the industry.

Profitable Field for Investment

In the meantime, the economic limit of the distance to which natural gas can be transmitted by pipe-line safely and profitably is being rapidly pushed further away, precisely as was the case when the electrical industry began to enjoy the benefits of interconnection and long-distance high-voltage transmission. As with the electrical industry, the resulting trend toward consolidation may be expected to build up large operating and holding units, con-

structed in large part from many present small operating natural gas companies. If precedent may be safely followed, as there is every reason to believe it can, the present holder of first mortgage bonds on a small property will find himself in the position of holding an underlying lien on a huge well-diversified system, with a consequent improvement in the investment status of his security, unless indeed his bond is called in first, because of its high yield.

Profit Prospects

The holder of common stock or options stands to profit even more, through the probability of offers to exchange his holdings on favorable terms for stock in the larger and stronger units, enjoying greater marketability and prestige, and selling on a higher basis in relation to steadily increasing earnings.

The natural gas industry is intimately connected with the oil business on the producing side, since natural gas is usually a by-product of oil field operations. Practically every natural gas field has been discovered incidentally in the attempt to locate oil. In addition, a large proportion of natural gas produced in this country contains gasoline vapors, which are easily condensed to form "natural" or casinghead gasoline, which is useful because of its high quality for blending with gasoline produced by cracking oil.

On the other hand, the transportation and marketing of natural gas presents such entirely different problems than those of oil that only a few oil companies have expended the necessary effort in the development of their natural gas department so as to be able to participate substantially in the current development of the utilization of natural gas.

Leaders among the oil companies in this respect are the Standard Oil Co. of New Jersey, Standard Oil Co. of New York and Phillips Petroleum.

Electric Power Ally

Natural gas companies are often intimately associated with electric power and light concerns. Not only do the latter often control gas companies operating in the same cities, but in addition, many electric power steam generating stations have been converted to the use of natural gas under their boilers as a fuel replacing coal or fuel oil. One Southern station alone has a contract to purchase 4,000,000,000 cubic feet of gas a year for this purpose.

The Electric Power & Light, through its recent merger with United Gas Co., is one of the leaders of the electric utilities now taking an interest in natural gas. Columbia Gas & Electric dominates the natural gas situation in the state of Ohio, and is understood to be extending its operations aggressively to the East. Louisville Gas & Electric and certain other subsidiaries of Standard Gas & Electric are operating aggressively in the field of natural gas development and distribution.

Another Beneficiary

The third type of company which stands to benefit substantially by natural gas development is the gas producer, owning substantial production from developed fields and selling its gas at wholesale to large industrial consumers and to other gas companies. An outstanding example of this type is Lone Star Gas. Certain other companies in this group, not having had until recently a satisfactory outlet for much of their production, have used it for the manufacture of carbon black. This is far from the most economical way of utilizing natural gas, but it solves the problem of obtaining an immediate return and gas production can be gradually diverted to the more profitable channels of industrial and domestic consumption as new outlets are found.

Outstanding companies of this type are Columbian Carbon and United Carbon, which, last year, began supplying natural gas to St. Louis in conjunction with five other producers. In the case of these companies, not only the volume of production but realized profit per thousand cubic feet should increase steadily as less profitable outlets for natural gas are displaced by more profitable ones.

Are Small Investors the Market's Strength or Weakness?

(*Continued from page 925*)

This enlargement of general investment interest in securities, furthermore, is held to be a part of a fundamental change in the structure of American industry. It is not merely a new "habit" on the part of the general public that has enough money to buy things. It is an essential phase of the "capitalization" of American industry that has progressed so far during the past decade with its large publicly owned corporations, its holding companies, its mergers and consolidations.

The individual proprietor of a large industrial unit is dissappearing and his place is taken by the shareholders of some new corporation which acquired and merged this unit with similar units

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912.

Of the Magazine of Wall Street, published every other week at New York, N. Y., for April 1, 1930.

State of New York } ss.
County of New York }

Before me, a Notary Public in and for the State and County aforesaid, personally appeared Lael Von Elm, who having been duly sworn according to law, deposes and says that he is the Business Manager of the Magazine of Wall Street and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, C. G. Wyckoff, 42 Broadway, New York, N. Y. Editor, None. Managing Editor, E. Kenneth Burger, 42 Broadway, New York, N. Y. Business Manager, Lael Von Elm, 42 Broadway, New York, N. Y.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owner must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) The Ticker Publishing Co. Inc., 42 Broadway, New York, N. Y.; C. G. Wyckoff, 42 Broadway, New York, N. Y.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) C. G. Wyckoff, 42 Broadway, New York, N. Y. Richard D. Wyckoff, Greenwood Lake, N. Y.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is (This information is required from daily publications only.)

LAEL VON ELM,
Business Manager.

Sworn to and subscribed before me this 18th day of March, 1930.

[Seal] RALPH J. SCHOONMAKER.
Notary Public, Westchester County.

Cert. filed in N. Y. Co. No. 1219 Reg. No. 18830. Commission expires March 30th, 1931.

Bank, Insurance and Investment Trust Stocks

Quotations as of Recent Date

	Bid	Asked
NATIONAL BANKS		
Bank of America, N. A. (4.50)	138	142
Chase (4)	169	171
Chatham & Phenix (4)	138	141
Chemical (new) (1.80)	87	89
City (4A) new	242	244
First (N. Y.) (100A)	5975	6050
Public (new) (4)	142	145
TRUST COMPANIES		
Bank of N. Y. & Trust Co. (20)	800	825
Bankers (new) (3)	161	164
Brooklyn (30)	905	915
Central Hanover (new)	391	395
Empire	90	92
Equitable (3)	134	136
Guaranty (20)	807	811
Irving Trust (1.60)	68	70
Manufacturers (6)	145	147
New York (new) (5)	305	308
United States Trust (70)	3825	4000
STATE BANKS (NEW YORK)		
Corn Exchange (4)	236	238
Manhattan Co. (3.20)	150	153
INSURANCE COMPANIES		
Aetna Fire	68	71
Aetna Life (1.60)	98	101
Carolina (1.40)	35	37
Continental (1.60)	37	40
Glens Falls (2.10)	58	60
Globe & Rutgers (24)	1180	1220
Great American (1.60)	37	38
Hanover (1.80)	56	58
Home (2)	47	48
National Fire	75	80
North River (2.50)	64	68
Stuyvesant (2)	65	72
Travelers (22)	1530	1580
United States Fire (2.40)	78	82
Westchester (2.50)*	63	66
SURETY AND MORTGAGE COMPANIES		
American Surety	119	121
Lawyers Mortgage	52	53
JOINT STOCK LAND BANKS		
Chicago	11	14
Dallas (8)	80	90
Des Moines	4	8
First Carolina	3	6
Lincoln (4)	35	42
Southern Minnesota	2	5
Virginia (B)	97	98⅛
INVESTMENT TRUST SHARES		
American Founders Trust com.	24¾	25⅝
Do 6% Pfd.	44½	48⅛
Do 7% Pfd.	49	53
Diversified Trustees Shares A	25¾	..
Do Series B	21⅛	21⅞
Fixed Trust Shares A	21¾	..
Insuranshares, ctfs.	14¾	16⅝
Interl. Sec. Corp. of Amer., B	59	64
Do B	29	33
Do 6% Pfd.	80	88
Oil Shares, Inc. (units)	50	55
Second Intl. Securities A	39	43
Do 6% Pfd.	40	44
U. S. Shares, Series A-1	13⅝	14⅜
Do Series A	13¾	..

(A) Including div. wherever paid by Securities Companies in some cases. (B) Par $5. * Including extras. (X) Ex-rights.

into a gigantic, centrally managed concern. Like as not, the former owners of these smaller units have become shareholders themselves in the new concern together with public investors. To diversify their investments they become shareholders also in other corporations—a factor that must be recognized in interpreting the significance of growing stockholders' lists.

Employee Ownership

Other factors, which have contributed to the growing number of individual stockholders during the past five years or so, are the customer-ownership campaigns and the employee-ownership plans established by many companies. The customer-ownership projects have reached their highest stage of development with the public utility companies. Many of the leading utilities have made intensive stock purchase campaigns among their customers and the customers on the books of their subsidiary companies. The good will of their customers and protection against insufficient rates are the aims of the utility companies in these efforts. Although, perhaps a by-product, it is nevertheless a fact that these drives have added many thousands of new names on the stock record books.

The employee-ownership plans, worked out along similar lines and with the aim of creating industrial harmony between the management and the company employees has also created many new investors in recent years. Almost every large corporation has some plan or other whereby their employees can acquire shares of common or preferred stocks to their advantage. These plans vary in detail all the way from an outright bonus of stock to the outright sale of stock at prices which are based on the average market value. During the 1929 decline, employees of

(Please turn to page 977)

New York Curb Exchange

IMPORTANT ISSUES

Quotations as of March 26th, 1930

Name and Dividend	1930 Price Range High	1930 Price Range Low	Recent Price
Aluminum Co. of Amer.......	345	275	322
Aluminum Pfd. (6)..........	108½	105½	107⅞
Amer. Cyanamid "B" (1.60)..	37	25½	35⅝
Amer. Gas Elec. (1)........	148¾	113⅝	144
Am. Lt. & Traction (10)......	279½	225	275
Amer. Superpower (1)........	32½	23¾	29¾
Asso. Gas Elec. "A" (2.40).	46½	36½	42½
Central States Elec. (.40)....	35	19	34⅛
Cities Serive (.30)...........	39⅝	26½	38⅝
Cities Service Pfd. (6)......	92¾	88	92⅝
Cleveland El. Ill. (1.60).....	83½	63	80
Comwlth Edison (8).........	293½	234	289½
Cons. Gas of Balt. (3.60)...	122	90⅛	121
Consolidated Laundries......	15⅞	10	15½
Cosden Oil	137¾	...	†52
Deere & Co. (new)..........	137¾	113	137
Durant Motors	7	4½	4½
Elec. Bond Share (6).........	104½	80½	100⅜
Ford Motors of Canada A....	34⅝	28	33⅛
Ford Motor of France........	10	6⅛	9⅛
Ford Motors, Ltd............	19⅞	10¼	18⅞
Fox Theatre A...............	9¼	2½	6⅞
General Baking	4⅜	2⅜	4
General Baking Pfd. (3)....	54⅛	34⅝	43
Gen. El. Ltd. rcts., Eng. (.50).	11⅝	10⅞	11
Gen. Realty & Utility.......	17⅜	9⅞	16⅝
Gen. Realty & Util. Pfd. (6).	95½	69	95
Glen Alden Coal (8)..........	121½	99	100
Goldman Sachs T............	46⅜	35	42⅜
Gulf Oil (1.5)...............	154⅞	131¼	151
Hecla Mining (1)...........	14	11⅛	12⅝
Humble Oil (2)...............	114¾	78	111
Hygrade Food Products......	13	10	12
Insull Util. Invest. Inc......	71	54½	70
Insur. Securities Inc. (1.40)..	23	17	22
Internat. Pet. (new) (1).....	22¾	17⅞	22⅛
International Utilities B.....	17¼	6⅞	15⅜
Lefcourt Realty (1.85)......	...	...	†20¼
Lion Oil Refining (2).........	25¼	18⅝	24⅜
Lone Star Gas (new) (1)....	43½	34⅛	43¼
Metro Chain Stores...........	30	16	18⅞
Mid. West Util..............	37¼	25½	36⅞
Mountain Producers (1.60)...	11⅜	8	11
National Fuel Gas (1)........	35¼	25⅛	33
New Jersey Zinc (2)..........	91½	66¼	90⅛
New Mex. & Arizona Land..	7¼	3⅛	6
Newmont (4)	134	105½	130⅛
Niagara Hudson Power (.40)..	17½	11⅝	15⅞
North. States Power A (8)...	183½	170	176
Novadel-Agene (2)....	30⅞	22⅝	30⅜
Ohio Oil (2).................	72¾	66⅛	72⅜
Pennroad Corp.	16½	13	15⅝
Pittsburgh Plate Glass (2)..	58½	53	55
Pittsburgh & Lake Erie (5)...	118½	111	118
Safety Car & Heat. (8)......	137	120½	128
Salt Creek Producers (2).....	13⅞	10	13⅛
Standard Oil of Ind. (2½)....	57½	49⅞	56⅞
Superheater Co. (new) (3½)..	44⅞	38	44⅜
Transcontinental Air Trans..	10⅜	6	8⅛
Trans Lux	7¼	4¼	6⅛
Tubize Art. Silk "B" (10)....	178¾	124	125
United Lt. & Pow. A (1).....	42⅞	27½	41
United Lt. & Pow.cv.Pfd. (6).	111¼	97⅛	110
U. S. Gypsum (1.60)........	49⅞	42	48⅛
Utility & Indus. Corp.......	23¾	17⅛	19⅞
Utility Pow. & Lt. (1)......	26½	14¼	26
Vacuum Oil (4)..............	96⅞	88¼	93⅞

† Bid Price.

RECORD volume and record high prices for the year were established during the past fortnight on the New York Curb Exchange. Oil stocks were more active, public utility stocks were stronger during the latter part of the period and a number of individual industrial issues made new highs for the year.

Through the proposal to split the old shares of American Light & Traction four for one, an attractive public utility situation becomes available to investors who prefer stocks under the $100 level. Although priced at the approximate high level of the year, in relation to the price of the old stock, the "when issued" shares at around 72 have interesting possibilities for further appreciation of value now that they are selling at a popular price level.

The American Light & Traction, in spite of its name, is primarily a gas producing and distributing company, with its electric business secondary and its traction operations amounting to less than 5% of its gross revenues. Through its abandonment of its traction property at Muskegon, Michigan, which it had been operating at a loss, the company has now one railway property in San Antonio, Texas, through its San Antonio Public Service Company subsidiary, which also furnishes this community with gas and electric service. All other divisions of the company's business have shown consistent growth, gas business having increased 50% every five years since 1914 and 63% during the past five years, while electric business having grown rapidly in recent years now represents about 12% of gross revenues.

During the past year the net income, after liberal deductions for maintenance and retirements, and without crediting profits on the sale of securities and property amounted to approximately 11.5 million dollars—equal to over $4 a share on the 2,767,000 shares of "when issued" stock which will be outstanding after the present change in capitalization is completed. The new shares would be one of the few issues of progressing utility concerns which sell on a basis of less than 20 times their earnings. Due to the larger number of shares to be outstanding, the issue should have a more active market than the old stock and thus a factor that has stood in the way of popular investment participation is eliminated.

(Continued from page 974)

some of these companies were buying stock out of their salaries which cost them more than the extremely low open market prices then prevailing. Other concerns have formed security companies or investment trusts to act as custodian and trustee for securities assigned to employees. This plan creates new investors but does not expand stockholders' lists.

General Motors is one of the most conspicuous companies in this employee-ownership movement. Its savings and investment funds for employees hold balances in the favor of the latter up to a hundred million dollars. Under a special offering arrangement to its employees from 12,000 to 13,000 shares of the company's 7 per cent preferred stock is acquired each year by employees. Its Managers Securities Company, operating a stock bonus plan, has been assigned almost three million shares. Another leader in this field is American Telephone & Telegraph, which has 90,000 of its employees included in its vast family of stockholders and which encourages both customer-ownership and employee-ownership through its financial subsidiary the Bell Telephone Security Company. All of these efforts, promote investment habits that do not necessarily stop with the purchase of any single issue. Employees invited to become stockholders in the company with which they are connected may ultimately appear on the stock record books of other companies.

Strong Technical Factor

The diffusion of stock ownership is far more comforting when considered from this latter point of view. From the standpoint of the stock market and the course of prices, it makes the phenomenally strong technical position of the market last year and during the early months of the current year more comprehensible. Purchase of stocks for permanent investment is constantly reducing the floating supply of stocks and feeding the market on the demand side.

Theoretically, investment buying of shares introduces a desirable element of stability into the markets. Certainly the existence of greater numbers of stock buyers transforms the market into something that is inherently different from the market of past years. And the higher base from which the current movement of stock prices is projected should be warranted by the "permanent" demand for stocks by the public at large.

The tenacity of the small buyer was

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Industrials

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value March 24, 1930, Times Earnings	Dividend Rate
Allied Chemical & Dye	1929	.12	ND	12.60	22.3	6
Allis-Chalmers Mfg.	1929	.09	31	3.81(k)	17.1	3
American Bosch Magneto	1929	.08	ND	4.21	12.7	—
American Colortype	1929	NR	NR	4.50(p)	6.9	2.40
American Encaustic Tiling	1929	.15	ND	3.06	9.4	2
American Locomotive	1929	.07	ND	5.40	15.4	8
American Sugar Refining	1929	.06	21	7.77	8.5	5
American Tobacco	1929	.12	NM	Com. & "B" 11.53	Com. 20.3	8
American Zinc, Lead & Smelting	1929	.07	ND	.53(z)	27.3	—
Atlas Stores Corp.	7 mos.	.16	ND	3.17	6.3(g)	1
Aviation Corp. of America	1929	(d)	ND	(d)	—	—
Beacon Oil	1929	.01	16	.16	94.5	—
Bethlehem Steel	1929	.07	33	11.01	9.5	6
Borg Warner Corp.	1929	.24	6	6.03	7.8	4
Burns Bros.	1929	NR	NR	8.46-A	12.3	8
Calumet & Arizona	1929	.10	ND	9.17(c)	9.1	6
Calumet & Hecla	1929	.09	ND	2.65	10.8	—
Cannon Mills	1929	.03	ND	4.16	7.6	2.80
Checker Cab Mfg.	1929	.40	ND	11.41	5.2	4.20
Colgate-Palmolive-Peet	1929	.16	ND	4.03	14.9	2½
Columbian Carbon	1929	.18	ND	7.83	23.7	5(a)
Consolidated Film Industries	1929	.26	1(m)	3.41	7.0	2
Crown Zellerbach	9 mos.	NR	NR	1.28	10.2(g)	1
Diamond Match	1929	.07	ND	9.60	19.8	8
Fair (The)	Year	.13	17	3.75	8.0	2.40
Fairbanks-Morse	1929	.08	25	5.05	8.5	3
Gardner Motors	1929	(d)	ND	(d)	—	—
General American Tank Car	1929	NR	NR	7.55	13.9	4
General Motors	1929	.26	ND	5.49	8.7	3(a)
General Refractories	1929	NR	NR	8.51	9.7	4(a)
Gould Coupler	1929	.05	63	1.63-A	7.5	—
Grant (W. T.)	Year	.15	ND	2.58	13.3	1
Gulf Oil Corp. of Penna.	1929	NR	NR	9.83	15.3	1½
Hecla Mining	1929	.32	ND	1.88	6.5	1
Houdaille Hershey	1929	.30	ND	4.64-B	5.6	2
Inland Steel	1929	.18	250	9.76	9.5	4
Intercontinental Rubber	1929	(d)	ND	(d)	—	—
International Business Machines	1929	.19	9	11.03(v)	16.4	6
International Cement	1929	NR	NR	7.82	9.1	4
Island Creek Coal	1929	.15	ND	5.04	8.0	4
Keith-Albee-Orpheum	1929	(d)	59	(d)	—	—
Kelsey Hayes Wheel	1929	.13	ND	4.11	7.7	2
McCrory Stores	1929	.08	26	Com. & "B" 4.20	12.5(B)	2
Marchant Calculating Machines	1929	NR	NR	2.04	10.5	1.60
May Dept. Stores	Year	.09	ND	4.74	11.6	2
Mid-Continent Petroleum	1929	.09	ND	4.09	7.6	2
National Cash Register	1929	.17	ND	5.24-A-B	12.2(A)	3(a)
National Sugar Refining	1929	.12	17	4.92	6.5	2
National Surety Co.	1929	.09	ND	8.41	11.3	5
National Transit Co.	1929	.09	ND	1.77	11.4	1(a)
Oil Well Supply Co.	1929	(d)	ND	(d)	—	—

(*Please turn to page* 980)

severely tried during the fall decline and seemed to be equal to the pressure of the sharpest recession in stock exchange history. So far so good. How about the ability of the general public to make new investment commitments in the stock market under conditions of adversity?

On the surface, this too would seem to have been satisfactorily demonstrated within the past six months. If we look below the surface, however, the test has been far from convincing. The small volume of stock exchange transactions following the market decline indicated the extent to which the buying power of the public was paralyzed at the low prices then prevailing. The four million and recently five million share day volume indicates further the extent to which a rising level of stock prices releases buying power for new commitments. If business dullness has impaired the primary sources of income for the purchase of securities during these months, the effect is merely submerged by the increasing dollar value of security holdings. The real test is still to come. With the stock market inherently dependent upon the support of general public buying, we must wait for the future to answer the sphinx-like question of the "permanency" of popular stock investment.

General Electric

(*Continued from page* 939)

frequently heard in connection with General Electric.

The company has no funded debt aside from an issue of 3½% debentures due in 1942 and outstanding at $2,047,000. Stock capitalization consists of 4,292,963 shares of 6% Special stock having a par value of $10 and, as of December 31st, 1929, 7,211,481 shares of common stock without par value. Early this year, however, the authorized amount of common stock was increased to 29,600,000 shares and distributed to shareholders in the ratio of four new shares for each old share held increasing the outstanding amount held to 28,845,927 shares.

The company's growth has been attended by a continuous expansion in earnings and dividends have been paid without interruption for more than thirty years. From 1903 to 1905 inclusive, earnings were equal to $358.51 per share of common stock and during this period dividends at the annual rate of $8 per share plus and extra payment of $1 in 1917 amounted to $185. In 1926 the stock was split four for one and placed on a $3 annual dividend basis until 1927 when the rate was increased to $4. Extra dividends

(*Please turn to page* 982)

Recent Reported Earning Position of Leading Companies

(Continued from page 978)

Industrials (Continued)

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value March 24, 1930, Times Earnings	Dividend Rate
Oppenheim Collins Co.	6 mos.	.08	ND	3.40	6.9(g)	5
Otis Elevator	1929	.19	ND	15.96	4.9	2½
Owens Illinois Glass	1929	.12	112	5.01	11.8	—
Pacific Coast Co.	1929	.01	31	0	—	—
Pet Milk	1929	.05	ND	1.18	16.1	1.50
Pittsburgh Plate Glass	1929	.13	ND	5.39	10.3	2(a)
Pittsburgh Screw & Bolt	1929	.23	27	2.18	9.7	1.40
Pullman, Inc.	1929	.06	ND	5.23	15.8	4
Real Silk Hosiery Mills	1929	.22	11	9.31	6.5	5
Reeves (Daniel), Inc.	1929	.25	ND	3.12	8.4	1.50
Reynolds Spring	1929	.02	24	.15(z)	38.3	—
Rolls Royce of America	1929	NR	NR	0	—	—
Sheaffer (W. A.) Pen Co.	Year	NR	NR	7.75	7.6	2(a)
Smith (A. O.) Corp.	6 mos.	.09	14	5.25	20.8(g)	2
Snider Packing	Year	.01	49	1.17	5.4	—
Spang, Chalfont	1929	.15	32	4.57	7.0	—
Spicer Mfg.	1929	.16	ND	5.09	6.3	—
Standard Brands	1929	.28	NM(s)	1.42	17.0	1½
Standard Oil of Kentucky	1929	.17	ND	2.51	14.3	1.60
Symington Co.	1929	.06	ND	1.52-A	10.0	—
Texas Corp.	1929	.11	.26	4.90	11.7	3
Texas Pacific Coal & Oil	1929	.03	ND	.84	15.5	10%(e)
Tidewater Associated Oil	1929	.08	ND	1.73	8.7	.60
Transcontinental Air Transport	5 mos.	(d)	ND	(d)	—	—
Union Bag & Paper	1929	(d)	20	(d)	—	—
Union Carbide & Carbon	1929	.13	4(s)	3.94	24.8	2.60
Union Tank Car	1929	.10	ND	2.94	21.7	1.60
United Aircraft & Transport	1929	.24	ND	4.52	18.3	—
U. S. Finishing	1929	NR	NR	4.51	5.6	2
U. S. Freight	1929	.11	ND	3.70	23.7	3
U. S. Industrial Alcohol	1929	.12	ND	12.63	8.3	6
U. S. Leather	1929	(d)	ND	(d)	—	—
U. S. Pipe & Foundry	1929	.06	ND	2.74	11.9	2
U. S. Steel	1929	.10	5	21.19	9.1	7
Vanadium Corp.	1929	.10	ND	4.89	24.3	3(a)
Warner Aircraft Corp.	1929	(d)	ND	(d)	—	—
Warren Bros.	1929	.21	26	18.17	10.5	3(a)
Westinghouse Elec. & Mfg.	1929	.12	ND	10.24	17.9	5
Weston Electrical Instrument	1929	NR	NR	4.49	9.8	1
White Rock Mineral Springs	1929	.13	ND	4.36	12.4	3(a)
Wright Aeronautical	1929	.08	ND	1.50	36.6	—
Yale & Towne Mfg.	1929	.09	ND	5.31	14.0	4

Railroads

Hocking Valley R. R.	1929	.14	67	47.12	10.4	10
New York, N. H. & Hartford	1929	.09	111	11.72	10.7	6
New York, Ontario & West.	1929	(d)	39	(d)	—	—
Norfolk & Western R. R.	1929	.12	36(j)	29.05	8.9	10
St. Louis-San Francisco	1929	.08	203	11.82(p)	9.7	8
Southern Railway	1929	.06	96	11.65	11.2	8
Wabash Railway	1929	.04	69	Comb. Pfd. A and Com. 5.64	Com. 10.5	—

Public Utilities

Brooklyn-Manhattan Transit	8 mos.	NR	NR	4.43	11.3(g)	4
Central & South West Utilities	1929	.12	ND	1.37	22.5	—
Detroit Edison Co.	12 mos.	.10	83	10.58	22.4	8%(e)
Middle West Utilities	1929	.07	ND	1.01(k)	36.6	8%(e)
Southern Calif. Edison	1929	.08	74	3.44(k)	18.3	2
Southwest Gas Utilities	1929	.07(b)	106	1.40(b)	8.9	—

(a) And extra. (b) Before taxes. (c) Before depletion. (d) Deficit. (e) Payable in stock. (g) Figured on basis of estimated yearly earnings as indicated by period reported. (j) Including joint obligations. (k) Based on average number of shares outstanding during period. (m) Including mortgages. (p) Preliminary figures. (s) Including obligations of subsidiaries. (v) Before amortization. (z) Not allowing for accumulated dividends. A—Class A stock. B—Class B stock. ND—No funded debt. NM—Negligible. NR—Unavailable.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

STANDARD OIL ISSUES
We have available for distribution descriptive circular on all the **Standard Oil issues.** (219).

THE PARTIAL PAYMENT
method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224).

ODD LOTS
A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

A SUGGESTION TO INVESTORS
This booklet explains in detail the features of Odd-lot investing. If interested, the prominent New York Stock Exchange firm issuing this booklet will be pleased to send you a complimentary copy. (278).

THE BACHE REVIEW
By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290).

FOR INCOME BUILDERS
The booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent independent income may be built through the systematic investing of small sums set aside from current earnings. (318).

MAKING PROFITS IN SECURITIES
Are you profiting by the major and also the minor swings of the market? If not, you will be interested in the above booklet issued by a leading financial service in New York City. (377).

OUR BUSINESS
The small loan field as a profitable investment is fully described in a booklet issued by the National Cash Credit Association and entitled "Our Business." A copy will be forwarded without charge upon request. (449).

7% INSTALLMENT SAVING CERTIFICATES
of a Colorado building and loan association operating under strict state supervision—their investment features and why—are explained in an interesting folder. (467).

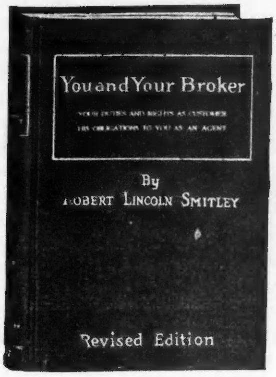
SECURITY SALESMANSHIP—THE PROFESSION
An interesting discussion of this specialized field, together with information about the Course of Training being adopted by scores of leading investment firms for their men. Send for your copy. (470).

HOW TO INVEST MONEY
is the title of a new booklet published by S. W. Straus & Co. It describes various types of securities and is a valuable guide to every investor. A copy will be sent free on request. (489).

WEEKLY MARKET LETTER
of a prominent member of the New York Stock Exchange will be forwarded without obligation. It will give you a resumé of the stock market each week together with investment and speculative suggestions. (491).

"WHAT IS THE CLASS A STOCK?"
An analysis of the Class A Stock of the Associated Gas & Electric Company, including charts, figures and descriptive information indicating the progress of the properties back of Associated securities. (492).

Just Off the Press—



You and Your Broker

New Edition, Completely Revised and Up-to-Date in Every Particular

THE ONLY BOOK THAT TREATS THE SUBJECT IN ITS ENTIRETY

This volume is the result of years of experience and study. It discusses—in simple, everyday English—every phase of the relationship between your broker and yourself. This is done in a way to give you a firmer grasp of the entire subject and insure continuous efficiency.

No essential detail is omitted in describing the points which must be watched in entering an order with your broker, checking his statements or attending to routine matters in connection with your account.

The value of this book is obvious. Our correspondence proves that thousands of investors are not sure what they have a right to ask of their brokers and thereby fail to secure advantages which would relieve them of much inconvenience and result in increased profits.

195 pages, $3.25 Postpaid.

The classical work on a subject which immediately concerns you, whether you are an odd lot buyer and seller or an operator dealing in thousands of shares in one transaction.

------ **Build up your library by mailing this coupon NOW** -----

The Magazine of Wall Street
42 Broadway, New York

All orders outside of Continental U. S. A. cash in full with orders.

Send me You and Your Broker, New Edition, completely revised; rich flexible fabrikoid cover, lettered in gold, illustrated with tables.

☐ **$3.25 Enclosed.** ☐ **C. O. D. $3.25**

Name ....

Address ....
(Please print)

☐ **Send Catalog of other Important Books.** **April—5—30**

(*Continued from page* 978)
amounting to $1 per share were paid in 1927 and 1928 and two payments at the same rate were made last year. Stock dividends during the past twenty seven years include a 30% distribution in 1912, 2% in 1917, 4% annually from 1918 to 1921 inclusive and 5% annually from 1922 to 1925. In 1924, stockholders received a special dividend of one share of Electric Bond and Share Securities Corp. stock for each share held and in 1926, a dividend of $1 payable in Special stock. From time to time valuable subscription privileges have been given to shareholders. From the foregoing dividend record it is evident that stockholders have shared generously in the company's progress and profits and there is every reason to anticipate future participation to an extent no less impressive than the past record.

In common with many other companies, General Electric reported earnings for 1929 which surpassed those for any previous year in its history. Sales totaled $415,338,094, an increase of 23% over 1928 and net income from sales amounted to $49,395,896 or nearly $10,000,000 greater than the previous year. Income from other sources totaled $21,426,079 bringing total income up to $70,821,977 as compared with $57,332,432 for 1928.

Earnings applicable to the common stock, after allowing for depreciation, taxes, other reserves and dividends on the Special stock, were equivalent to $8.97 per share on the number of shares outstanding at the close of the year. Adjusted to give effect to the subsequent split-up, this would be equal to about $2.25 per share on the present stock, comparing with $1.79 and $1.60 per share in 1928 and 1927 respectively. Unfilled orders on hand at the beginning of the year amounted to $94,623,000, an increase of 30% over orders on hand at the beginning of 1929 and this backlog of business will aid materially in offsetting any recession in orders which may occur during the first half of 1930.

At this point it might again be pointed out that reported earnings do not include the company's equity in the undistributed profits of subsidiary units. Moreover, it is doubtful that they reveal the company's true earning power due to the extremely conservative accounting methods and the policy of making substantial deductions for depreciation, write-offs, and other reserves. In some quarters it has been estimated that, based on the amount of Federal taxes paid by the company, which are computed on net income after normal deductions, earnings are at least 50% larger than those actually reported.

Thus, it is apparent that the company not only has "hidden assets" but "hidden earnings" as well. Add to these two important considerations, the company's commanding trade position, its excellent management and practically unlimited possibilities for future growth, and the result is a combination of factors creating a bulwark of investment strength for the common stock.

Selling at 80 and paying an annual dividend of $1.60, the shares offer little inducement as an income producing medium but with every assurance that the company's influence and earnings will continue to broaden and expand and with the equity in the future practically concentrated in the common stock, increased dividends and enhancement in the value of the shares is foreshadowed. General Electric common stock is an ideal vehicle for the investor with an eye for the future.

Fashions in Security Buying

(*Continued from page* 929)

Besides, there was refunded through common stocks a total of $654,705,552.

The last period in which stock financing was indulged in a volume so much out of line with precedent was in 1919-20. Then, as in 1929, it marked the end of a bull market and was followed by a collapse in stock prices. So voracious is the public's appetite for stock issues during this phase of the financing cycle that they lose all sense of values and proceed to purchase securities of the most speculative character. For instance, a record of the common stocks (issues of $500,000 or over) brought out in the fourth quarter of 1919 shows that a decade later only 14 out of a total of 35 such stock issues had any value, and that the total funds invested at that time in common stocks had a value of only 57% of the original, while the average yield through dividends was but 2.2%.

After a major stock market crash, investors become extremely cautious and conservative, preferring to place their savings in senior securities which are protected by a large margin of earnings thus assuring themselves of an income which is reasonably safe. Not alone are they protected from the viewpoint of earnings, but often in the matter of security as well, as many bond issues constitute either a mortgage against the properties of the company or have pledged toward them collateral.

Later in this credit or finance cycle, under the influence of improvement in the business situation and increasing earnings of corporations, greater confidence is inspired in the security purchaser with the result that he again gradually turns to common stocks as investment mediums. And as the bull market gains momentum, the imagination is again stimulated to the extent where the bond market is more and more neglected even by those who formerly followed a conservative investment policy. The final stages of the cycle are marked by wild excesses of stock buying which is practically no better than gambling, and one in which the fundamental investment factors of earnings, yield, and security are given little weight.

It is obvious, if recognition is accorded to the credit cycle, that a sound investment policy will take into consideration its various phases. There is a logical time when common stocks should be bought and held for appreciation. There is also a time when commitments in common stocks should be lightened and funds switched into high grade bonds, a time which, singularly enough, is very advantageous for the investor pursuing this policy because it coincides with the period when bond prices are relatively low and yields high.

Balanced List Affords Flexibility

A conservative policy would be to hold both bonds and common stocks in the portfolio and merely shift the proportion as changes in the credit cycle portend. High grade bonds are only slightly affected by the breaks in the stock market which so severely depress prices of common stocks. On such occasions, the former can be sold at little or no loss and the funds used to acquire high grade common stocks at depressed prices. *An appraisal of the current situation indicates that the present time is propitious for swinging investment portfolios more into common stock.*

One development in American investment practice over the past few years is prominent, and that is the gradual but unmistakable trend toward common stocks as investment mediums. This tendency will no doubt continue in the future especially so since security purchasers are much better informed on corporate and financial matters than ever before, and therefore can more intelligently invest in the common or equity stocks of prominent and well managed companies. Shrewd investments in common stocks, moreover, offer greater ultimate rewards than bond investments. These latter instruments, however, are by no means obsolete. They will have a definite place in the investment scheme, but will probably not enjoy their time honored dominance. This evolution has been the experience of several leading European countries that have been creditor nations for centuries, and it is a perfectly logical development here.

Building and Loan Associations

We will be glad to answer questions regarding Building and Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

Colorado

INVEST

your surplus funds in the Full Paid certificates of the Bankers Building & Loan Association, Denver, Colorado.

IN

five years your original investment will have earned 35% interest (7% per annum payable semi-annually). As this Association operates under strict state supervision

THE

Safety of your investment is assured. Issued in units of $50.00 to $5,000.00, all dividends from these certificates are exempt from Federal Income Tax to the amount of $300.00. Send today for Booklet MWB explaining this ideal investment.

BANKERS
Building & Loan Association
1510 Glenarm St., Denver, Colo.

Colorado

GUARANTEED 5 yr Income

on full-paid 6½% Time Certificates.

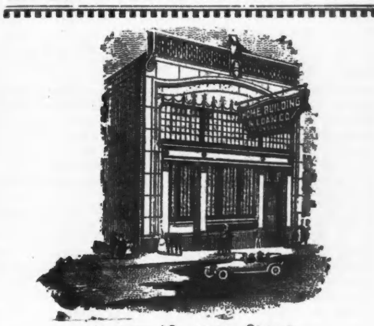
Secured by select first mortgages on improved city real estate—and backed by Colorado's fastest growing, largest permanent capital Association. Issued any amount, $100 to $10,000. Quarterly or semi-annual interest coupons, payable Chemical National Bank, N. Y., or First National Bank, Denver.

"Silver State" investors live in every state and 11 foreign countries. Our permanent capital guarantees 6½% earnings on Time Certificates for entire 5-year period. Under state supervision.

Folder "C" tells the story.

SILVER STATE BUILDING AND LOAN ASSN.
1648 Welton St. Denver, Colo.
Members: Colorado Bankers Assn., Colorado State and U. S. Building and Loan Leagues.

Florida



16 and 18 Laura Street

Home Building & Loan Co.
JACKSONVILLE FLORIDA

Each quarter since organization in 1921 this Company has earned and paid dividends at the yearly rate of

8%

Full Information on Request

Texas

7%

Investigate then Invest

Cash Dividends $100 to $10,000 No Fees

WRITE FOR FINANCIAL STATEMENT AND FOLDER – TODAY

Equitable Building & Loan Association
803 Lamar
FORT WORTH – TEXAS

7% Full Paid Shares
Earnings paid semi-annually in cash.
Resources over $3,000,000.00
Security Building and Loan Ass'n
201 Broadway, San Antonio, Texas

8% NON-TAXABLE INVESTMENTS

Full paid shares issued in multiples of $100. Dividends payable quarterly in cash, and to date of cancellation after 90 days from date of issuance. No fees. Under State Banking Dept. supervision.

Write for literature and particulars.

Texas Plains Bldg. & Loan Association
111 West Sixth St., Amarillo, Texas

Alabama

8% Payable Semi-Annually or compounded. Dividends Guaranteed by paid-in guarantee capital. Under supervision State Superintendent of Banks and Building and Loan Board. No membership or withdrawal fees.

Florence Building and Loan Association
W. L. Foy, Sec.-Treas. Florence, Ala.

Arizona

8% Accumulative Certificates
7% Fully Paid Certificates
6% Coupon Certificates
with

"Arizona's Largest Association"
FIRST NATIONAL
Building & Loan Association
106-8 So. Central Ave., Phoenix, Ariz.
Write for Explanatory Literature

Texas

This interesting booklet FREE ask for it ~ 7% paid from earnings ~ Dividends exceed million dollars. Assets four million. Invest in the growing Southwest for SAFETY, CONVENIENCE *and* PROFIT.

8% ⟷ We Pay 8%

cash dividends, payable quarterly on Fully Paid Shares.

San Angelo Bldg. & Loan Assn.
(Under State Supervision)
20 West Twohig San Angelo, Texas

Ohio

100% Safety
6% Interest

More than $2.00 of selected first mortgages on real estate in this county for every $1.00 of liability under our Special Deposit Certificates. No loss to any depositor in fifty-four years. Resources over 20 millions. 20,000 patrons, principally in Ohio, but from more than ⅔ of the states of the Union and a dozen foreign countries. Patronized by business men and capitalists and more than 50 other Ohio Building Associations and banks, which use it as a depository for Reserve and temporarily idle funds. Let us send you a Booklet of Information.

AMERICAN LOAN AND SAVINGS ASSOCIATION
American Savings Bldg.,
Dayton, Ohio

New York

On Systematic Savings **6%**

5% On Save as You Please Accounts

UNDER SUPERVISION N.Y. STATE BANKING DEPT.

SERIAL
BUILDING LOAN & SAVINGS INSTITUTION
195 BROADWAY - 170 FULTON ST. N.Y.C.
WRITE FOR BOOKLET

Important Corp. Meetings

Company	Specification	Date of Meeting
Abitibi Pr. & Paper	Directors	4-7
Advance Rumely	Directors	4-14
Ajax Rubber	Directors	4-15
Alaska Juneau	Directors	4-8
Am. Home Products	Directors	4-10
Am. Locomotive	Directors	4-15
Am. Radiator & S. S	Directors	4-9
Am. Tel. & Cable	Special	4-11
Am. W. W. & El	Directors	4-15
Austin Nichols	Special	4-11
Autosales Corp.	Annual	4-15
Bendix Aviation	Directors	4-9
Best & Co.	Directors	4-8
Bloomingdale	Directors	4-8
Borden Co.	Directors	4-16
Brockway Motor Truck	Directors	4-15
Burns Bros.	Directors	4-10
Burroughs Add. Mach	Directors	4-16
Bush Terminal	Directors	4-7
Cannon Mills	Directors	4-8
Central Alloy Steel	Special	4-8
Certain-Teed Prods	Directors	4-9
Chicago-N. W. Ry	Directors	4-8
Chicago-Gt. West. Ry	Directors	4-8
Chrysler Corp.	Directors	4-15
D. & R. G. R. R.	Directors	4-9
Elec. Auto Lite	Directors	4-15
Elec. Storage Battery	Directors	4-16
Erie R. R.	Directors	4-8
Franklin Simon	Directors	4-7
Freeport Texas	Directors	4-7
Gen. Am. Tank Car	Directors	4-8
General Foods	Directors	4-9
Gen. Outdoor Advt	Directors	4-14
Gimbel Bros.	Directors	4-15
Houdaille-Hershey	Directors	4-8
Hudson-Man. R. R.	Directors	4-9
Ill. Central R. R.	Directors	4-16
Industrial Rayon	Directors	4-9
Jewel Tea	Directors	4-14
Kresge Dept. Stores	Directors	4-16
Lenn & Fink	Directors	4-9
McKesson & Robbins	Directors	4-8
Macy, R. H.	Directors	4-8
May Dept. Stores	Directors	4-15
Miami Copper	Directors	4-16
Murray Corp.	Directors	4-15
National Air Trans	Directors	4-10
Nat. Cash Register	Directors	4-9
Nat. Enamel. & Stamp	Directors	4-8
National Lead	Directors	4-17
Newport Co.	Directors	4-9
N. Y., Ont. & Western	Directors	4-8
N. Y., N. H. & Hartford R. R.	Directors	4-16
North. Pacific R. R.	Directors	4-8
Oil Well Supply	Directors	4-15
Patino Mines	Directors	4-8
Pennsylvania R. R.	Directors	4-8
Pitts. Screw	Directors	4-9
Prairie Oil & G	Directors	4-8
Pullman	Directors	4-16
St. Joseph Lead	Directors	4-10
Seneca Copper	Directors	4-8
Sloss-Sheffield Steel	Directors	4-9
Spang-Chalfont	Directors	4-8
Stand. Plate Glass	Directors	4-16
Timken Roller Bearing	Special	4-15
Union Bag & Paper	Special	4-15
Union Car. & Car	Directors	4-15
Union Tank Car	Directors	4-19
U. S. Freight	Directors	4-7
U. S. Ind. Alcohol	Directors	4-17
U. S. Rubber	Directors	4-15
Warren Bros.	Special	4-8
Westinghouse Air B	Directors	4-15
Westinghouse Elec.	Directors	4-9
Youngstown S. & T	Special	4-8

Dividends and Interest

Cumulative Index to Volume 45

Pages 1 to 84 Inclusive, Nov. 2nd, 1929
Pages 85 to 172 Inclusive, Nov. 16th, 1929
Pages 173 to 252 Inclusive, Nov. 30th, 1929
Pages 253 to 348 Inclusive, Dec. 14th, 1929
Pages 349 to 420 Inclusive, Dec. 28th, 1929
Pages 421 to 508 Inclusive, Jan. 11th, 1930
Pages 509 to 590 Inclusive, Jan. 25th, 1930
Pages 591 to 666 Inclusive, Feb. 8th, 1930
Pages 667 to 738 Inclusive, Feb. 22nd, 1930
Pages 739 to 826 Inclusive, Mar. 8th, 1930
Pages 827 to 906 Inclusive, Mar. 22nd, 1930
Pages 907 to 986 Inclusive, Apr. 5th, 1930

(Please turn to page 986)

Financial Notices

Dividends and Interest

"CANADA DRY"

Ginger Ale, Incorporated
A Delaware Corporation

Dividend Notice

At the meeting of the Board of Directors of Canada Dry Ginger Ale, Incorporated, held March 17, 1930, a regular quarterly dividend of one dollar and 25 cents ($1.25) per share was declared, payable April 15, 1930, to stockholders of record at the close of business April 1, 1930.

R. W. SNOW, *Secretary.*

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 57

A regular quarterly cash dividend for the three months' period ending March 31, 1930, equal to 2% of its par value (being at the rate of 8% per annum), will be paid upon the Common Capital Stock of this Company by check on April 15, 1930, to shareholders of record at the close of business on March 31, 1930. The Transfer Books will not be closed.

D. H. FOOTE,
Secretary-Treasurer.

San Francisco, California

SOUTHERN RAILWAY COMPANY

New York, March 13, 1930.

PREFERRED STOCK

A dividend of one and one-quarter per cent (1¼%) on the Preferred Stock of Southern Railway Company has been declared payable on April 15, 1930, to stockholders of record at the close of business March 24, 1930.

COMMON STOCK

A dividend of two per cent (2%) on the Common Stock of Southern Railway Company has been declared payable on May 1, 1930, to stockholders of record at the close of business April 1, 1930.

Cheques in payment of these dividends will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

O. E. A. McCARTHY, Secretary.

The Baltimore & Ohio Railroad Co.

OFFICE OF THE SECRETARY

Baltimore, Md., March 19, 1930.

The Board of Directors this day declared, for the three months ending March 31, 1930, from the net profits of the Company, a dividend of one (1) per cent. on the Preferred Stock of the Company.

The Board also declared from the surplus profits of the Company, a dividend of one and three-quarters (1¾) per cent. on the Common Stock of the Company.

Both dividends are payable June 2, 1930, to Stockholders of record at the close of business on April 19, 1930.

The Transfer Books will not close.

G. F. MAY, Secretary.

BAYUK CIGARS INC.

PHILADELPHIA

A quarterly dividend of 1¾% on the First Preferred stock of this corporation was declared payable April 15, 1930, to stockholders of record March 31, 1930. A dividend of 75¢ per share on the Common stock of this corporation was declared payable April 15, 1930, to stockholders of record March 31, 1930. Checks will be mailed.

Harvey L. Hirst, *Secretary*

March 14, 1930.

Dividends and Interest

AMERICAN COMMONWEALTHS POWER CORPORATION

New York Grand Rapids St. Louis

Dividend Notice

The Board of Directors of American Commonwealths Power Corporation has declared the following dividends:

PREFERRED STOCK

The regular quarterly dividend of $1.75 per share on the First Preferred stock, Series A, payable May 1, 1930, to stockholders of record at the close of business April 15, 1930.

The regular quarterly dividend of $1.63 per share on the First Preferred stock, $6.50 Dividend Series, payable May 1, 1930, to stockholders of record at the close of business April 15, 1930.

The regular quarterly dividend of $1.50 per share on the First Preferred stock, $6 Dividend Series of 1929, payable May 1, 1930, to stockholders of record at the close of business April 15, 1930.

The regular quarterly dividend of $1.75 per share on the Second Preferred stock, Series A, payable May 1 1930, to stockholders of record at the close of business April 15, 1930.

COMMON STOCK

The regular quarterly dividend of 1/40 of one share, (2½%) payable in Class A Common stock on April 25, 1930, on each share of Class A and Class B Common stock, to stockholders of record at the close of business March 31, 1930.

Where the stock dividend results in Fractional shares Scrip certificates for such fractions will be issued which can, at the option of the stockholders, be consolidated into full shares by the purchase of additional Fractional shares. The Company will assist stockholders in the purchase of additional Fractional shares.

Checks and stock certificates in payment of dividends will be mailed in due course.

March 11, 1930. ALBERT VERMEER, *Treasurer.*

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

162nd Dividend

THE regular quarterly dividend of Two Dollars and Twenty-Five Cents ($2.25) per share will be paid on April 15, 1930, to stockholders of record at the close of business on March 14, 1930.

H. BLAIR-SMITH, Treasurer.

The New York Air Brake Company

New York, March 19, 1930.

The Board of Directors on this day declared a quarterly dividend of Ninety Cents ($0.90) per share upon the outstanding no-par-value Common Stock, payable May 1, 1930, to stockholders of record at the close of business on April 2, 1930.

C. E. LEACH, Secretary.

SEEMAN BROTHERS, INC.

COMMON STOCK DIVIDEND

A regular quarterly dividend of 75c per share on the no par value Common Stock of this Company was this day declared payable May 1st, 1930, to shareholders of record at the close of business on April 15th, 1930. Checks will be mailed.

MAX L. MASIUS, Secretary.

New York, N. Y. March 25, 1930

Dividends and Interest

The Cudahy Packing Company

Chicago, Ill., March 20, 1930.

The Board of Directors has this day declared the regular semi-annual dividend of Three Per Cent (3%) on the 6% Preferred Stock of the Company, and Three and One-half Per Cent (3½%) on the 7% Preferred Stock of the Company, payable May 1, 1930 to stock of record April 21, 1930. Also the regular quarterly dividend of $1.00 per share on the Common Stock of the Company ($50.00 par value), payable April 15, 1930 to stock of record April 4, 1930.

A. W. ANDERSON, Secretary.

THE ALEXANDER MILBURN COMPANY

BALTIMORE, MARYLAND

has declared its 61st consecutive Quarterly Dividend of 1¾% upon the Preferred Stock and the regular Quarterly dividend of 2% upon the Common Stock of the Corporation to Stockholders of record, payable April 1, 1930.

ALEXANDER F. JENKINS
President and Treasurer

HUPP MOTOR CAR CORPORATION

Detroit, Michigan, March 18, 1930.

The Board of Directors have declared a cash dividend of fifty cents (50c) per share on the Common Stock of the Corporation, payable May 1, 1930, to stockholders of record April 15, 1930.

G. E. ROEHM, Secretary.

Cumulative Index to Volume 45

(Continued from page 984)

New Issue · March 21, 1930

$40,000,000

Royal Dutch Company

for the Working of Petroleum Wells in the Netherlands-Indies

(N. V. Koninklijke Nederlandsche Maatschappij tot Exploitatie van Petroleumbronnen in Nederlandsch-Indië)

4% Debentures, Series A

(With share purchase warrants)

To be dated April 1, 1930 · To mature April 1, 1945

Each debenture now offered is to carry a non-detachable warrant entitling the holder thereof to purchase, on or before April 1, 1936 (or in event of redemption of such debenture prior thereto, on or before the redemption date), 15 New York shares representing common stock of the Royal Dutch company, at $66 2/3 per New York share on or before April 1, 1933, and thereafter, on or before April 1, 1936, at $70 per New York share.

The following information is contained in a letter, dated The Hague, March 13, 1930, from Sir Henri W. A. Deterding, K. B. E., General Managing Director of Royal Dutch Company for the Working of Petroleum Wells in the Netherlands-Indies:

BUSINESS

Royal Dutch Company for the Working of Petroleum Wells in the Netherlands-Indies, through its controlled companies, constitutes the world's leading enterprise engaged in the production and distribution of petroleum and its products. The Royal Dutch company, incorporated in the Netherlands in 1890, owns 60% of the outstanding common stocks of The Batavian Petroleum Company, The Anglo-Saxon Petroleum Company, Limited and The Asiatic Petroleum Company, Limited, the remaining 40% in each case being owned by The "Shell" Transport and Trading Company, Limited. The Batavian Petroleum Company owns approximately 64% of the outstanding common stock of Shell Union Oil Corporation. The gross production of the group of companies controlled, directly or indirectly, by the Royal Dutch company amounted in 1929 to an aggregate of approximately 163,000,000 barrels of crude oil, constituting more than one-tenth of the estimated world production for that year. Production of the group in 1929 was principally from oil lands in Venezuela, United States and Netherlands-Indies. Physical properties of the group include 30 oil refineries with an aggregate daily capacity of approximately 635,000 barrels, storage facilities with a capacity totaling approximately 70,000,000 barrels, and a fleet of tankers, including chartered vessels, with an aggregate dead-weight tonnage of approximately 1,600,000 tons. The marketing organizations of the group distribute its products in nearly every country in the world.

CAPITALIZATION

The capitalization of the Royal Dutch company, adjusted to give effect to the issuance of these Series A debentures, and to the issuance of 5% guilder debentures in exchange for 4½% priority stock as set forth below, is as follows:

	Authorized	Outstanding
Dollar Debentures	*	
4%, Series A (this issue)		$40,000,000
Fifty-Year 5% Guilder Debentures	$11,457,000	11,457,000**
Preferred Stocks—cumulative		
4½% Priority Stock	11,457,000	**
4% Preference Stock	603,000	603,000
Common Stock	389,940,000***	202,456,848

* The indenture under which the Series A debentures are to be issued is to provide for the issuance of $50,000,000 of additional dollar debentures of other series with such terms and provisions as the company may determine. The indenture further is to provide that the company shall not create any secured indebtedness maturing more than one year from the date thereof (except purchase money mortgages on and assumed indebtedness secured by property hereafter acquired, and renewals thereof) without securing the Series A debentures equally and ratably therewith.

** $11,457,000 principal amount of Fifty-Year 5% Guilder Debentures are presently to be offered in exchange for $11,457,000 par value of priority stock now outstanding.

*** $8,040,000 par value of common stock is to be reserved for issuance upon exercise of share purchase warrants carried by these Series A debentures. The agreement under which such warrants are to be issued is to contain provisions designed to protect the purchase privilege against the effects of dilution.

INCOME

Income of the Royal Dutch company is derived largely from dividends from investments in controlled companies. Such dividends are taken up in the company's accounts in the year with respect to which the same were paid, that is, for the most part, in the year prior to the year in which received. Net income of the company after all charges, including taxes and payments to managers and directors, for the period of five years ended December 31, 1928, was as follows:

1924	$34,531,296
1925	37,066,359
1926	39,837,246
1927	39,995,518
1928	40,537,200

Although final figures for the year 1929 will not be available for several months, the management believes that net earnings of controlled companies for 1929 were at least as satisfactory as for 1928.

The annual interest requirement on the $51,457,000 principal amount of debentures shown above as outstanding is $2,172,850.

NEW YORK SHARES

The New York shares issuable upon the exercise of the share purchase warrants described above are to represent common stock of the Royal Dutch company in the ratio of three such New York shares for each 100 guilders ($40.20) par value of such common stock, and are to be issued by the Equitable Trust Company of New York under an agreement dated September 10, 1918. The outstanding New York shares (approximately 955,000 outstanding as at March 13, 1930) are listed on the New York Stock Exchange and are currently quoted at approximately $50 per share.

DIVIDENDS

Dividends have been paid on the common stock of the Royal Dutch company with respect to each year since 1902, such dividends in recent years having been paid in the form of an interim dividend in January, and a final dividend in July. The amount of such dividends paid in 1929 (with respect to the year 1928) totaled 24% of par value, equivalent to approximately $3.20 per New York share. An interim dividend of 10% was paid in January, 1930, and the management expects that a final dividend of 14% will be paid in July, 1930.

MARKET EQUITY

The indicated aggregate market value of the outstanding common stock of the Royal Dutch company, based on current market quotations, is approximately $750,000,000. The company's common stock or certificates representing such common stock are listed on the New York, London, Paris, Amsterdam, Brussels, Zurich and Batavia (Netherlands-Indies) stock exchanges.

Interest payable April 1 and October 1. Principal and interest payable in New York City in United States gold coin at the principal office of Dillon, Read & Co., without deduction for any Netherlands taxes, present or future. Holders may, at their option, collect principal and interest in Amsterdam at the offices of Mendelssohn & Co., Amsterdam and Nederlandsche Handel-Maatschappij, in guilders; in London at the office of N. M. Rothschild & Sons, in pounds sterling; in Basle and Zurich at the offices of Crédit Suisse, in Swiss francs; or in Stockholm at the office of Stockholms Enskilda Bank, in Swedish kronor; in each case at the buying rate for sight exchange on New York on the date of presentation for collection. Coupon debentures in denomination of $1,000, registerable as to principal only. Redeemable as a whole, or in part by lot, at any time on sixty days' published notice, at 100% plus accrued interest. Irving Trust Company, New York, Debenture Trustee; The Equitable Trust Company of New York, Warrant Trustee.

All conversions of Netherlands into United States currency have been made at par of exchange (one guilder equals $0.402).

It is expected that the company will make application in due course to list the Series A debentures on the New York Stock Exchange.

A substantial amount of these debentures has been withdrawn for offering in Europe, including an amount to be offered in Holland by Mendelssohn & Co. Amsterdam and Nederlandsche Handel-Maatschappij.

Information herein contained has been received in part by cable.

We offer these debentures, with share purchase warrants attached, for delivery if, when and as issued and accepted by us, subject to approval of legal proceedings by counsel. It is expected that delivery will be made on or about April 4, 1930, in the form of temporary debentures of the company or interim receipts of Dillon, Read & Co.

Price 89½ and interest. Yield 5%

Dillon, Read & Co.

Chase Securities Corporation · **The Equitable Corporation OF NEW YORK**

Guaranty Company of New York · **Bankers Company of New York**

Bancamerica-Blair Corporation · **Harris, Forbes & Company**

First Union Trust and Savings Bank

rgan-
rities.

-18)